EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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FIAT Managements tussle with the unions Page 12

World News

Soviet quake toll revised to 274 as rescue halts

Soviet officials said the death toll from an earthquake and mudslide in Soviet Central Asia was 274 people, a quarter of the 1,000 originally estimated, and called off efforts to find survivors. Page 2

War on 'subversion'
Argentine President Rau'l Alfonsı'n declared an all-out war on left-wing subversion after Monday's guerrilla attack and siege at an army base that left at least 36 dead. Page 3

Shia 'ceasefire'
Lebanon's warring Shia factions battled with mortars in south Lebanon only hours after a ceasefire accord was reached in Damascus.

Soviet Kabul airlift
Soviet troops distributed 275 tons of airlifted flour and fuel to more than 5,000 Afghan workers. Officials said the supplies would continue as needed after the Feb 15 pullout date.

Takeshita under fire
Japanese Prime Minister Noboru Takeshita came under new pressure to resign or choose a new cabinet after the resignation of a third minister over involvement in the Recruit share scandal.

Mafia crackdown
Itlaian police arrested 44 suspected Mafia gangsters on charges including multiple homicide, trafficking and extortion in raids in southern Italy. Arms trade, Page 2

Iran presses UN
Iran pressed the United Nations to do more to force Iraq to withdraw its troops from Iranian territory as Iraq warned that border "troubles" could spark further hostilities.

Toxic waste talks
West and central African countries today start talks to thrash out a common position on the dumping of toxic waste by industrialised countries on their territory.

Chicago subpoenas
Federal Bureau of Investigation delivered more than 200 subpoenas to Chicago's trading community as it intensified its investigation into fraud at the city's major futures exchanges. Page 3

Greece on terrorism
Greek Government announced a package of measures to combat terrorism, including the posting of a Dra300m ($2m) reward for information leading to the capture of gunmen who attacked public prosecutors. Page 2

Tibetan autonomy
Tibet's Panchen Lama, the nation's top religious leader after the exiled Dalai Lama, said the region's autonomous status in China should be more fully observed. Page 4

Dali funeral
Major collectors of Salvador Dali's work and government representatives gathered for his funeral before an expected wrangle over his multi-million dollar estate.

S Africa resignation
The South African Government, already in turmoil as ministers manoeuvre to succeed an ailing President Botha, has been shaken by the resignation of Mr Pietie du Plessis, Minister of Manpower and Public Works. Page 4

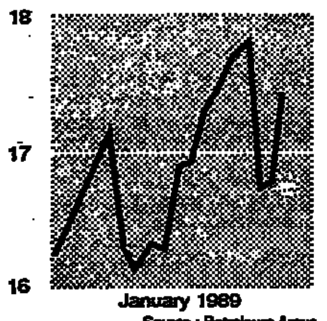
Business Summary

Top financier Milken will leave Drexel

Mr Michael Milken, the most powerful US financier in decades, is to leave Drexel Burnham Lambert, the Wall Street investment bank he made rich through his aggressive use of junk bonds. The firm agreed under a pact with the US Government to stop employing Mr Milken, who is its largest individual shareholder, and to withhold his multi-million bonus for his work last year. Mr Milken is expected to be indicted soon on charges relating to the six securities fraud and other charges to which Drexel has previously agreed to plead guilty.

OIL PRICES moved strongly higher yesterday in advance of today's meeting of Opec and non-Opec oil producers in London. Traders said the rise was partly a technical reaction to Monday's declines. North Sea Brent crude for March delivery closed up 65 cents at $17.45 a barrel in European trading. Commodities, Page 28

Oil price



PRESIDENT George Bush questioned warnings about overheating in the US economy from the Federal Reserve Board, saying he hoped it would not overreact to inflationary fears. His comments were made amid further pointers towards continued tightness in US monetary policy. Page 14

US TREASURY efforts to canvass support for a new tax on bank deposits to help pay for a rescue plan for thrifts has run into opposition in Congress. Page 3

JAPAN'S direct investment in foreign countries is set to exceed $40bn on the year to the end of March, a sharp rise on the previous 12 months. Page 14

UNITED STATES has asked the EC to begin negotiations to ensure the American telecommunications industry broad access to European markets. Page 7

ABRAHAM GOLDBERG, Australian textile magnate, increased his stake in Tootal, large UK textile groups, by 5.2 per cent to 14.4 per cent. Page 15

AMERICAN EXPRESS, US financial and travel services group, earned $231m on revenues of $6.34bn, up by one third compared with a year ago. Page 17

DRESDNER BANK, West Germany's second biggest bank, plans to merge two mortgage subsidiaries to form the country's largest private-sector mortgage banking institution with assets of about DM42.5bn ($23.2bn). Page 16

CREDIT AGRICOLE, largest French bank, has reorganised its top management following last year's crisis which led to the replacement of the chief executive. Page 16

TOKYO: Nikkei index rose 10.11 to a record 31,567.79. Stock markets, Page 40

SHISEIDO, Japan's largest cosmetics producer, recovered its operations after overstocking brought about an earnings collapse in 1987. Page 19

West German companies raided in Libyan inquiry

By David Goodhart in Bonn

WEST GERMAN authorities yesterday stepped up their investigation into suspected illegal exports to Libya by raiding three companies and 12 private houses for evidence of breaches of the export control laws.

The only company to be named was Imhausen-Chemie, which has been at the centre of allegations over illegal exports since the beginning of the year when US officials complained that German companies appeared to be helping Libya to develop a chemical weapons potential.

After the raids, which yielded more than "a truckful" of documents, Mr Werner Botz, the investigating prosecutor in Offenburg, said: "Some evidence of illegal exporting has been found." Imhausen is already undergoing a criminal investigation by the Offenburg prosecutor.

The prosecutor in Karlsruhe, Mr Benno Schulte, also yesterday confirmed a magazine report that a technician employed at Imhausen had told investigators he had visited the Libyan plant at Rabta.

The technician also alleged that the state-owned company Salzgitter produced all the blueprints for the plant and that some employees must have known the plans were going to Libya.

Salzgitter has admitted that it produced plans for Imhausen but said it believed they were going to Hong Kong.

Yesterday it strenuously denied the fresh allegations.

In Bonn, a special sitting of the Bundestag's foreign affairs committee sharply criticised the handling of the affair by the Government and complained of the serious damage to West Germany's foreign relations.

Opposition Social Democrat members of the committee also revealed that the engineering company Lurgi, a subsidiary of Metallgesellschaft, had recently acted as consultant for the construction of an Iranian pesticide plant.

A spokesman for Lurgi confirmed that it had done the consultancy work and added that it had permission from the federal export control authority in Eschborn.

The whispering campaign against the Federal Intelligence Service, which some officials blame for failing to alert the Government earlier, has been criticised by both the Social Democrats and the Free Democrats.

The FDP said that although some of the criticism might be justified, scapegoat-hunting must be avoided.

The Government does not seem to have significantly lost domestic political support as a result of the Libyan affair. The latest party poll put the CDU/CSU equal with the SPD on 41 per cent.

Lawson attacks plans for 'protectionist and bureaucratic' Europe

By Simon Holberton, Economics Staff, in London

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, yesterday launched a stinging attack on proposals for economic and monetary union in Europe.

He also lambasted elements within the European Community who were seeking to hinder by unnecessary regulation the goal of a single market for goods, services and capital by 1992.

The Chancellor warned that the dream of 1992 could become a nightmare if anti-free market forces within the Community gained the upper hand and a post-1992 Europe was saddled with "red tape, bureaucracy, supranational intervention and protectionism."

In a speech at the Royal Institute for International Affairs in London last night Mr Lawson described as "divisive and intensely difficult" the issue of European monetary and economic union which had "so carelessly been thrown into the pool" of current debate and questioned the motives of those who promote it.

He said it raised issues which went to the heart of nationhood and sovereignty and warned Mr Jacques Delors, President of the Commission, that neither the British Government nor the British Parliament would accept any further amendment to the Treaty of Rome to give effect to such union. Mr Delors in heading a 17-man inquiry into economic and monetary union which was set up by the EC Council of Ministers at their summit in Hanover last summer and is due to report to EC leaders in June.

"It is difficult to escape the conclusion that this divisive and difficult new issue has been propelled into the forefront of European debate at this time either out of culpable carelessness, or as a smokescreen to obscure a lack of sufficient progress towards the single market, or, worse, as a means of running away from taking the practical but difficult steps the single market requires, running away from the challenges of freedom," he said.


Lawson: breaking barriers

He said that union was not just a "technical issue." It implied nothing less than European Government and political union. Such a "United States of Europe . . . is simply not on the agenda now, nor will it be for the foreseeable future."

Mr Lawson's speech was characterised by an identity of attitude to European issues with that of the UK Prime Minister, Mrs Margaret Thatcher, who, in her speech in Bruges last September, also warned against the temptation to regulate and enforce common standards on different nations.

His main departure from Mrs Thatcher was in his brief references to the European Monetary System, full British participation in which the Prime Minister remains implacably opposed. He said that as 1992 approached the pound's value against European currencies would become increasingly important and that some problems associated with sterling's full participation in the EMS had diminished over time.

The Chancellor praised the 1992 initiative as an historic opportunity for Europe and for Britain but he was clearly dismayed by the attitudes of some who saw it as an opportunity to overlay business with more regulation and create a Fortress Europe which was closed to the world. He staked out Britain's opposition to:

- A concept of 1992 based on supranational regulation which does not break barriers down but one where restrictions and controls are levelled up.
- Protectionism introduced under the guise of reciprocity. "The UK is committed to breaking down barriers so that the single market is really a free trade area."
- A single market not based on the principle that firms and products approved in one country are free to compete throughout the Community and people free to purchase goods and services from anywhere within the Community.
- Regulation which seeks an "average" of existing national regulations and not the "best" free-market approach.
- Proposals by the Commission for an enforced withholding tax on the income from savings. Mr Lawson said this proposal was supported by those who having accepted capital liberalisation were now trying to escape from its consequences.

Toyota to unveil plans for $1.2bn plant in Europe

By Anthony Moreton in Cardiff and Kevin Done in London

TOYOTA, Japan's leading automotive group, is about to announce that it intends to set up a car plant in Europe, a move that threatens to intensify sharply already fierce competition in the West European motor industry in the 1990s.

The project is understood to involve an investment of about $1.2bn and could mean the creation of more than 1,000 jobs.

The company has been examining the feasibility of establishing its own vehicle assembly plant in Western Europe for at least two years. Toyota wants a European base before the single market comes into effect in the European Community at the end of 1992.

The search for a suitable site has been carried out through consultants in great secrecy and Toyota has threatened that if details emerge it would cut the offending country off its list of options.

An announcement that it has been looking at sites in Spain, Portugal, Britain and possibly Belgium is expected by the middle of February, however.

It has given local authorities in likely areas a highly detailed questionnaire to complete covering matters ranging from soil tests, proximity to port facilities and communications to housing, labour availability and the quality of life.

It is believed to be considering at least six sites in Britain in addition to several in continental Europe. Those in Britain include three in South Wales, two in the Midlands and two in Humberside.

The European motor industry has been awaiting an announcement from Toyota for many months to clarify its intentions about setting up a manufacturing base, a so-called transplant operation, in West Europe.

It has long been taken for granted that Toyota, the world's third largest automotive group after General Motors and Ford of the US, would have to create a European assembly base, it has only been a question of where, when and how.

Toyota directors have said in recent months that establishing a production base in the EC is now one of their highest priorities.

Earlier this month a Toyota spokesman would not confirm press reports in Tokyo that the company was trying to strengthen links with Renault of France with a view to producing up to 100,000 Toyota vehicles a year in France.

"There are no formal talks with Renault about production in the European Community," he said. "We are still looking at a number of possibilities."

Toyota has left its entry to European car assembly much later than its closest domestic rival Nissan, which began production at its £610m ($1.1bn) car plant in Sunderland, in north-east England, in 1986.

At the same time Honda has built up a close relationship with Rover Group of the UK, which will begin producing up to 40,000 Honda Concertos a year at its Longbridge, Birmingham plant in the autumn. Honda is building an engine plant in Swindon in central southern England.

The climate in West Europe for making such a move into Europe has become even more hostile than when Nissan made

Continued on Page 14

Sweeping changes proposed in UK legal profession

By Raymond Hughes in London

REVOLUTIONARY changes in the structure and working practices of the British legal profession are proposed in three discussion documents (Green Papers) published yesterday by Lord Mackay, the Lord Chancellor, head of the judiciary.

If implemented the proposals would totally alter the way in which legal services are provided in England and Wales. A key principle behind them is Thatcherism - the idea that there should be a free competitive market giving the consumer the widest possible choice of cost effective legal services.

The most radical and potentially explosive proposal effectively abolishes the division between barristers - advocates who wear wigs and may plead in court - and solicitors, lawyers who do neither.

Under the proposals, advocates - who may be barristers, solicitors or other suitably qualified people - would be granted certificates based on their experience and qualifications which would determine the level of court in which they could conduct cases.

Solicitors with the appropriate experience of advocacy will also be qualified to conduct cases in England's High Court. They will also be eligible to become senior barristers and High Court judges.

The Bar, the barristers' governing body, reacted with anger and alarm to what Lord Mackay described as his "radical but fair" proposals.

Mr Desmond Fennell, QC, chairman of the Bar, said the proposals amounted to "de facto fusion" of the barrister and solicitor branches of the profession. It would cause the Bar to wither away, and was "a charter for the big battalions" - the large City of London law firms.

"The quality of justice is threatened and the public will lose," he said adding that the measures would pose "constitutional dangers."

The Law Society of England & Wales, the solicitors' governing body, broadly welcomed the proposals. The Consumers' Association described the proposals as "a great victory for consumers."

Lord Mackay recognises that the changes would require tighter, semi-statutory codes of professional conduct.

Details, Page 8; Editorial comment, Page 12; Legal elite under sentence, Page 14

China and Vietnam closer to reaching Kampuchean accord

By Robin Pauley in London and Peter Ungphakorn in Bangkok

CHINA and Vietnam have inched closer to agreement on the conflict in Kampuchea, although the daunting scale of problems to be resolved was underlined again yesterday by Mr Hun Sen, Prime Minister of the Soviet-backed government in Kampuchea.

At the start of an historic visit to Thailand he rejected the idea of an international peacekeeping force.

The agreement between China and Vietnam apparently means that all Vietnamese troops will be withdrawn from Kampuchea by September.

China, which has supported the Khmer Rouge resistance of Pol Pot, whose brutal regime was the initial excuse for the Vietnamese invasion in 1978, is reported by diplomats to have agreed to phase out military aid to the coalition of three guerrilla forces, including the Khmer Rouge, in parallel with a Vietnamese pull-out.

Western and Asian diplomats have been quoted as saying that deputy foreign ministers from both sides agreed in talks in Peking last week that the end of Vietnam's 10-year occupation of Kampuchea would be monitored by an international supervisory body that had yet to be defined.

An additional problem is that, even if China withdraws military aid from the Kampuchean resistance, the guerrillas are thought to have stockpiled enough weapons to last one and two years if they decide to go on fighting.

The Vietnamese have been unable to crush the Khmer Rouge, which remains in control of large parts of the Kampuchean countryside.

The mere fact that Hun Sen is in Bangkok at all is a coup for Gen Chatichai Choonhavan, the Thai Prime Minister, whose surprise announcement of the visit raised eyebrows in the Thai army and Foreign Ministry.

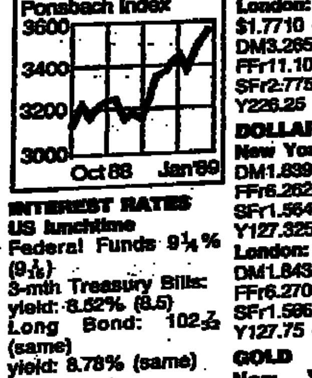
Thailand views Hun Sen's Government as a puppet regime of the Vietnamese and supports the resistance coalition, some of whose factions are based in or near refugee camps along the Thai-Kampuchea border.

Thai officials said Hun Sen adopted a moderate tone, and agreed to "consider" the five-point proposal put forward by Prince Norodom Sihanouk, exiled leader of one of the three resistance factions. However, Hun Sen is reported to have also repeated his opposition to the five points.

In addition to the international peace-keeping force the five points also include a proposal that the Phnom Penh administrative structure to be dismantled after a settlement.

MARKETS

Sweden



INTEREST RATES
US lunchtime
Federal Funds 9¼% (9¼)
3-mth Treasury Bills: yield: 8.52% (8.5)
Long Bond: 102½ (same)
yield: 8.78% (same)
London
3-month interbank: close 13¼% (13⅛)

STERLING
New York close
$1.7710 (1.7690)
London:
$1.7710 (1.7695)
DM3.2650 (3.2600)
FFr11.1050 (11.0950)
SFr2.7750 (2.7625)
Y226.25 (225.75)

DOLLAR
New York close
DM1.83975 (1.8415)
FFr6.2620 (6.2675)
SFr1.5545 (1.56075)
Y127.325 (127.675)
London:
DM1.8430 (same)
FFr6.2700 (same)
SFr1.5665 (1.5610)
Y127.75 (127.65)

GOLD
New York latest Comex Feb $406.4 (406.3)

STOCK INDICES
New York close
Dow Jones Ind. Av. 2,265.89 (+9.46)
S&P Comp 286.91 (+0.42)
London:
FT-SE 100 1,939.0 (-2.1)
World: 143.63 (Tues)
Tokyo
Nikkei Ave 31,567.79 (+10.11)
Frankfurt
Commerzbank 405.7 (-0.6)

OIL
Brent 15-day (Argus) $17.45 (+0.65) (Feb)
West Tex Crude $18.225 (+0.5) (March)

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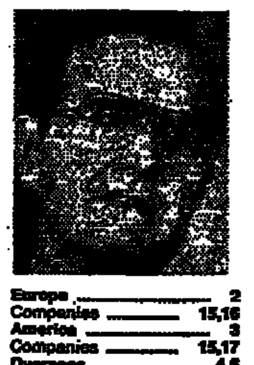
Calling in the Old World to redress balance of the New



The most important fact about the new presidency is that international events are not responsive to the levers of power in the White House, regardless of the President's personality Page 2

EUROPEAN NEWS

Budapest confirms Soviet troop withdrawals

By Our Foreign Staff

THE SOVIET tank division which Mr Mikhail Gorbachev has promised to withdraw from Hungary should be out by the end of June, and the Kremlin would also remove an air regiment stationed near Budapest by December, Mr Ferenc Karpati, the Hungarian Defence Minister said yesterday.

His announcement was the latest in a string of disclosures from Warsaw Pact governments this week on the scope and timing of the troop withdrawals which Mr Gorbachev promised in his speech to the United Nations last month.

Mr Karpati added that a tank-training regiment would be withdrawn in the first half of this year and a battalion of assault landing troops by the end of 1989.

A chemical defence battalion and staff at a military school in Szolnok would follow.

Mr Karpati said in December about a quarter of the Soviet troops in Hungary (estimated by Western analysts to number *65,000) would be withdrawn* under Mr Gorbachev's plans.

Western diplomats were understood to be surprised at news of the air regiment's withdrawal from Tokol airport, just south of Budapest, as the aircraft there – thought to be new MiG-29s – are defensive in nature.

Earlier this week Mr Erich Honecker, the East German leader, disclosed that four of the six tank divisions earmarked by the Kremlin for withdrawal from Eastern Europe would come from his country – implying that one each would go from Hungary and Czechoslovakia.

The Polish authorities also announced that of the 45,000-strong Soviet contingent in their country, not mentioned by Mr Gorbachev in his UN speech, would be scaled down.

RESCUE WORKERS in Soviet Tadzhikistan dig through sludge with no hope of finding survivors of the landslide caused by Monday's earthquake which killed nearly 300 people. Most of the victims were in the village of Sharora, a third of them buried when a waterlogged hillside collapsed within seconds of the early morning earthquake.

Bonn sees little chance of fall in external surpluses this year

By David Goodhart in Bonn

THE West German Economic Ministry foresees little change in the country's external surpluses this year. In fact, its official outlook for 1989 expects the trade surplus to rise to about DM126bn ($38.6bn) from DM121.3bn last year.

As a percentage of gross national product the surplus will decline marginally from 2.7 per cent to 2.5 per cent. But analysts think this unlikely to be sufficient for some of West Germany's main trading partners who want the motor of growth to be shifted from exports to domestic demand.

The report, passed by the cabinet on Tuesday and published yesterday, paints a generally positive picture of steady growth, but both foreign and domestic critics said the proposals on removing structural rigidities remained vague. "This reads very like last year's report," said one.

Mr Helmut Haussmann, the new Economics Minister, did say, however, that the controversial proposal to allow shops to stay open late one evening a week was likely to become law earlier than expected, possibly in the spring. Shop opening legislation is seen by many observers, especially in the US, as an acid test of domestic deregulation.

He also said that if unemployment was to fall below 2m in the medium term a "new path" would have to be found in negotiations between employers and unions over flexible working time.

He urged both sides to extend current three-year agreements in many sectors for a further three years when they come up for renegotiation in 1990.

Although unemployment rose slightly to 2.24m last year, Mr Haussmann said, about 170,000 jobs were created: nearly 1m have been created since 1983. One drag on the reduction in unemployment is the rise in the number of ethnic Germans arriving from abroad.

Investment, at its highest level in 1988 since the beginning of the 1970s, is set to rise further at 5.5-6.5 per cent.

The expected slowdown in GNP growth from 3.4 per cent *in 1988 to 2.5 per cent is not* causing anxiety because the economy was boosted last year by exceptional factors – good weather, *a fall in the D-Mark* that boosted exports, and an oil price drop that held down inflation.

Domestic demand should continue to rise but by an estimated 2.5 per cent (3.7 per cent in 1988), partly a result of new consumer taxes.

Exports are forecast to rise by 4-5 per cent following a 5.1 per cent increase in 1988, and imports by 4.5-5.5 per cent (6.3 per cent).

Ireland cuts income tax standard rate to 32%

By Kieran Cooke in Dublin

MR ALBERT REYNOLDS, Ireland's new Finance Minister, yesterday announced the country's first reduction in the standard rate of taxation for 20 years.

In a budget speech, he said the standard rate will be reduced from 35 to 32 per cent.

Top tax rates will also be reduced and bands widened. In what was generally viewed as a modest budget, Mr Reynolds announced a range of measures to tackle growing problems of poverty and unemployment, at present 18 per cent.

Overall welfare payments will go up by 3 per cent, with special 12 per cent rises in benefits for the long-term unemployed. Child benefits to the less well-off were also increased in the budget, as were family income supplements in a "co-ordinated drive against poverty."

Mr Reynolds said that because of a national debt which stands at £I 25 bn, the room for manoeuvre had been limited, despite the improvement in Ireland's finances. He reduced mortgage relief benefits and for the first time in two years increased excise duties on beer by 1p a pint, spirits by 2p a measure and wine by 4p a bottle.

The price of a packet of 20 cigarettes went up 4p. Mr Reynolds emphasised the role EC structural funds were expected to play in future job creation. He also announced a range of incentives and soft loans for entrepreneurs.

"The creation of sustainable jobs is at the centre of this budget and indeed of all our economic polices," he added.

Opposition members were highly critical of the budget, calling it more an exercise in *public relations than an* attempt to deal with the problems facing the country.

Brussels may go to court over Dutch car pollution move

By Tim Dickson in Brussels

A LENGTHY legal battle over Dutch plans to encourage "clean" cars seems in prospect after the European Commission yesterday threatened to take up the matter under the Community's state aids legislation.

The Brussels authorities have formally asked the Government in the Hague not to go ahead with the proposed fiscal incentives for consumers who buy new cars fitted with American style catalytic converters.

But the Dutch second chamber has already given its unanimous backing to the plan – which includes a Fl 1,700 ($463) tax reduction for those meeting the US standard – and the first chamber is due to give its verdict next week.

The Dutch problem seriously complicated negotiations last year on new EC-wide emission controls for smaller cars for the early 1990s.

The package was provisionally agreed by member states in November but only on the *assumption that the Dutch* incentives, claimed by France to be a breach of the single market, were fully tested under EC law by the European Commission.

If yesterday's plea from Brussels is ignored by The Hague, a lengthy legal procedure will follow under the "State aids" articles of the Treaty of Rome. The matter may ultimately end up in the European Court of Justice.

A Dutch spokesman yesterday indicated that it would be *difficult for any change of* heart at this stage – importers had already geared up for a flood of new business, while many consumers were thought to have delayed new car purchases until after the legislation is in place.

He said the Dutch action was justified under the Single European Act, which makes it possible for member states to take measures to improve the environment.

Spain gets top share of EC backward-region cash

By William Dawkins in Brussels

SPAIN, ITALY and Portugal would absorb nearly two-thirds of the EC regional fund's Ecu38.6bn a year spending on backward areas between now and 1993, under guidelines agreed yesterday by the European Commission.

Brussels yesterday issued provisional plans for sharing out 85 per cent of the major share of regional spending earmarked for joint development projects with national authorities in economically backward areas. The remaining 15 per cent of the cash is being held in reserve for projects of special interest to the Community.

Regional spending will also be earmarked for areas of industrial decline, covering up to 15 per cent of the EC's population. Mr Bruce Millan, Commissioner responsible for allocating the cash, will consult EC Governments over the next month before deciding which regions should be eligible for that type of help.

Mr Millan said: "The regional fund will spend about Ecu4.5bn in 1989, out of a total of some Ecu45bn if the structural funds as a whole. The proposals of member-states must come in by the end of March and we must deal with them as quickly as possible."

Yesterday's decision is the first big indication of how the Commission plans to share out its new increased structural funds, due to double in size between now and 1992.

Spain has been given the largest indicative share of 32.6 per cent of the cash for backward regions, followed by Italy with 24.5 per cent and Portugal with 17.5 per cent. Britain gets 1.7 per cent. West Germany, Belgium, Denmark, Luxembourg and the Netherlands have been left out; they could qualify for grants from the other two structural funds, social and agricultural guidance.

Yesterday's allocations are in line with the current share-out of regional spending. The *difference is that the cash will* be targeted at co-ordinated three to five year projects, rather than doled out annually. The aim is to encourage backward regions to catch up with their richer neighbours and so ensure that the competitive benefits of the planned single market are equally divided after 1992.

Commission officials stressed that yesterday's allocation is only a guide. The actual share-out could change in the light of the quality and timing of the plans submitted to Brussels by regional authorities, as well as the level of funding from member-states.

Italian Radicals step up arms trade campaign

By John Wyles in Rome

ITALY'S Radical Party has stepped up its campaign *against the country's alleged* illegal arms trading, with fresh claims that Italy has been contravening the UN arms embargo on military shipments to South Africa.

With the support of the Greens and the Proletarian Democrats, the Radicals have tabled parliamentary questions to the prime minister, and the ministers of defence and foreign affairs, about a number of arms shipments allegedly made from Italy between 1979 and 1986. As Mr Francesco Rutelli, the Radicals' deputy leader, pointed out yesterday, these would have been in breach of the UN 1977 embargo on arms sales to South Africa, and also of national law.

Mr Rutelli claimed that "the supply channels to South Africa are so well oiled that we know Italian arms went illegally to Argentina during the *Falklands war via Durban."* Among other things, the Radical leader and his colleagues are asking the government if it intends to lift the cloak of official secrecy which has been placed on secret service reports on the so-called "Operation Piave."

This involved an alleged sale during the past three or four years of artillery to South Africa via a South American country, together with the alleged payment into a Swiss bank account of a 3 per cent commission to the benefit of one of Italy's governing parties. Members of the parliament's secret services committee are believed to have seen the relevant documents, as has a Venetian magistrate, but silence has been imposed by official secrecy laws.

High-level tussle in Prague over opposition

By Leslie Colitt

A DISPUTE which could lead to changes in the Czechoslovak leadership has broken out in the Communist party over how to deal with the rising tide of opposition demonstrations.

Czechoslovak officials have disclosed that the conflict is between the hardline core of the ruling praesidium and younger, more pragmatic members who want a dialogue with the opposition.

The hardliners are led by senior functionaries who carried out the policy of *"normalisation" after the crushing of* the Prague Spring reforms in 1968.

Mr Jan Fojtik, the ideology chief, is prominent among them, they say, along with Mr Alois Indra, President Gustav Husak and Mr Karel Hoffmann. The party leader, Mr Milos Jakes, who actively opposed reforms after 1968, is said to be wavering between the two extremes.

The advocates of dialogue have been identified as Mr Miroslav Stepan, the Prague party chief, who at 43 was catapulted into the leadership last year by Mr Jakes, and Mr Karel Urbanek (47), who also joined the top echelon of the leadership last October. He now heads the influential Committee for Party Work in the Czech lands.

After the initial crackdowns on protesters last August and October, Mr Stepan declared publicly that repression was not a solution in dealing with the opposition.

He played a key role in the decision to permit a demonstration in Prague on International Human Rights Day, December 10.

The officials say that after the harsh police action against demonstrators last week, the two pragmatists in the praesidium managed to convince Mr Jakes that such measures only radicalise the opposition and gain it sympathisers.

As a result, the authorities indicated, through the official newspaper, Vecerni Praha, that there was a possibility of a dialogue with Charter 77, the civil rights group.

Dialogue

"We will not evade a dialogue as long as these people remain securely based in socialism," the newspaper said.

A test of this policy could come next Saturday when an opposition Peace Club plans to hold a "discussion" in a Prague square with or without the authorities' approval.

The Czechoslovak officials, whose names could not be disclosed, say Mr Jakes can be expected to veer between such conciliatory gestures and tough measures advocated by the hardliners.

Mr Fojtik, in particular, is seen as a serious barrier to greater tolerance of dissent.

Judy Dempsey adds from Prague: The Czechoslovak authorities, attempting to weather the storm of international criticism following last week's brutal police action against demonstrators, yesterday released two leading members of Charter 77, the human rights movement.

But it remains unclear if formal charges will be made against Mr Vaclav Havel, the banned playwright who has been in custody for 11 days, along with four other Charter members.

The release, however, of Mrs Jana Sternova, Mr Stanislav Penc and Mr Petr Placak, leader of the Children of Bohemia, an independent association, is only from pre-trial detention.

They are now being charged with "hooliganism" for, among other things, laying flowers at St Wenceslas's statue in the centre of Prague.

Meanwhile, Cardinal Frantisek Tomasek, the Primate of Prague, yesterday again sharply criticised the use of force by the police. He openly supported the demands of young people who, he said, wanted human rights.

He also called on the authorities to let the Catholic Church "develop freely in Czechoslovakia" which, he added, was now a basic tenet of Mr Mikhail Gorbachev's policies towards the churches in the Soviet Union.

Second attempt to avert Italian general strike

By John Wyles

ITALIAN ministers and union leaders began a second round of talks last night aimed at averting a threatened four-hour general strike next Tuesday.

Technical discussions at official level yesterday morning failed to establish much common ground on possible adjustments to tax reforms brought in by government decree at the start of the year.

These did establish, however, that union priorities are now to secure annual, automatic and indexed adjustments to income tax rates to compensate for fiscal drag, and to secure changes in a new tax regime for the self-employed which they regard as too soft and generous.

Talks between the government team, led by Mr Ciriaco De Mita, the Prime Minister, and a union delegation on Tuesday evening made little progress in resolving these and other issues.

Greece acts to combat terrorism

By Andriana Ierodiaconou in Athens

THE GREEK Government yesterday announced a package of measures to combat terrorism, including the posting of a Drs200m (approximately £740,000) reward for information leading to the capture of the gunmen responsible for three attacks against public prosecutors in Athens between January 10 and January 23.

The measures were decided at an emergency meeting chaired by Mr Andreas Papandreou, the Prime Minister, convened after the killing last Monday night of Mr Anastasios Vernardos, in the third consecutive attack on a public prosecutor in less than a fortnight.

The chain of attacks generated intense political pressure on the Socialist Government to take special action.

The posting of a reward as one means of combatting terrorism was reportedly suggested to Greece by the US as early as 1983 but rejected. US intelligence, diplomatic and military personnel have all been targets of terrorist attacks in Greece.

Besides a reward, the measures announced yesterday include: setting up a special anti-terrorism department within the Greek police; computerisation of border control services; upgrading of existing counter-terrorist units on land and in the Greek Coast Guard with trained personnel and up-to-date equipment; and the immediate supply of two helicopters, 200 cars and 600 motor cycles to the police force for improved surveillance of the Athens region, where most terrorist attacks since the mid-1970s have occurred.

OECD opens its doors to Far East economic links

By George Graham in Paris

THE Organisation for Economic Co-operation and Development (OECD), the Paris-based economic body that groups the world's main non-Communist industrialised nations, yesterday made its first attempt at opening channels of communication with the fast-developing economies of the Far East.

Officials, businessmen and academics from OECD member countries met with their counterparts from South Korea, Singapore, Hong Kong and Taiwan in a two-day "informal seminar" to discuss world economic issues, which closed yesterday.

Mr Jean-Claude Paye, the OECD secretary general, said the discussions had been "very open, very direct and very constructive" and that all participants had agreed to pursue the dialogue in the future.

Mr Paye stressed, however, there had been no discussion of the precise forms of such future dialogue. In particular, the question of these Asian countries joining the OECD had not been raised, he said.

The seminar was co-sponsored by the Institut Francais des Relations Internationales (IFRI), an independent French research body, but had still been closely followed in the Far East.

Thailand and Malaysia had decided not to take part because of fears the discussion might turn into an attack on the mounting trade surpluses of the newly industrialised countries of the Far East.

Turkey orders probe into abuse claims

By Jim Bodgener in Ankara

TURKISH state prosecutors have ordered investigations into claims by a village leader that security forces abused and maltreated villagers from the south-east of the country while questioning them about support for guerrillas of the outlawed Marxist Kurdish Workers Party (PKK).

Among the charges being investigated are complaints that detainees were forced to eat excrement. Reports in the Istanbul newspaper Cumhuriyet said a pregnant woman was given electric shocks. Two state prosecutors, from the nearby town of Cizre, and the regional capital of Mardin, are conducting parallel investigations.

Jaruzelski gives warning on future of trade unions

By Christopher Bobinski in Warsaw

RESTRICTIONS ON trade union freedom in Poland will only be lifted if the country is calm and the position of the authorities guaranteed, according to General Wojciech Jaruzelski, the country's leader.

His remarks, made at the Plock oil refinery, came as contacts continued with Solidarity on arranging round-table talks on the banned trade union's return to public life. The talks between the Government and Solidarity are expected to take place on February 5.

The general added that new arrangements must not undercut support for economic reforms, and that trade union pluralism had to be accompanied by "the political unity of the working class". This presumably means that the authorities intend to insist on safeguards that Solidarity will abstain from playing a political role on the shop-floor.

Meanwhile, Mr Andrzej Wroblewski, the new Finance Minister, told a news conference here that Poland would be able to step up debt service repayments to Western governments if and when International Monetary Fund stand-by credits became available.

This year Poland expects hard currency exports to rise 11 per cent to a value of $9.1bn, and to boost imports to leave a trade surplus of $1.1bn at the same level as in previous years.

Total debt service obligations this year come to $3.5bn in interest and $1.7bn in capital repayments.

Calling in the Old World to redress the balance of the New

In the age of Gorbachev and European integration, the US is no longer in charge of events to the extent it once was

THE *inauguration of* President Bush seems to have gone off with all the usual rejoicings, so that's *all right. Now that it is over,* practised lip-readers are starting to bring an important message to the outside world: *after eight years, Mr Bush* wants us to know that he is not Ronald Reagan. Now this is all to the good, of course; the *alternative would have been* unbearable. But so far it is the only message from the White House, and to some it may seem a meagre offering from a man who has waited so long and so patiently to be President of the United States.

It is in fact a rational message from a rational and experienced public servant. There was a time when much of the rest of the world, and all of Western Europe, would have waited with bated breath for *the pronouncements of a new* American President. There was a time when a new American President would have assumed, without presumption, that he was taking on the role of leader of the free world, and would have been right to do so.

But time moves on, and with it the status and responsibility borne by Dwight Eisenhower, John Kennedy or Richard Nixon.

America is still, of course, the richest and most powerful country, and by a wide margin, and it is still an absolutely essential member of the Atlantic Alliance. Those facts are unchanged, they are probably unchangeable, and no sensible person would want to change them. What has changed is the ability of America, and the *expectation of other countries,* that the US can take charge of events as it once aspired to do.

International commentators, with the reflexes of an earlier age, urge President Bush to do this or that, or express regret that he is failing to promise the other; foreign chancelleries keenly analyse Mr Bush's pronouncements, for advance indications of his policy towards East or West. They may all be missing the point: the most important fact about the new presidency is not that Mr Bush is a faintly uninspiring old boy from the East Coast establishment, but that international *events, as currently configured,* are not responsive to the levers of power in the White House, regardless of the *personality of the President.*

In economic terms, this fact has been creeping up on us for some time now. The rapid *growth of Japan and the newly* industrialising economies in Asia and in Latin America, together with the strength of *the economies of Western* Europe, have conspired to reduce America's relative weight in world economic *affairs. One sign of this relative weakening,* is the vast deficit which Mr Reagan has cheerfully bequeathed, and which will be a lasting burden round the neck of the new Bush Administration.

But there is another, more political sense in which the centre of gravity of the international game has shifted out of *Washington's reach. Six years* ago, by far the most important international story was the East-West struggle over the *deployment of Euro-missiles;* in that struggle, Washington played an absolutely crucial role as the champion and nego*tiator for the West. Today,* the most important international stories are again on this side of the Atlantic: the convulsions *in the East over Mr Gorbachev's perestroika,* and the ferment in Western Europe over

IAN DAVIDSON
ON EUROPE

the projected Single Market. But this time, Washington has no power to influence either of them.

The can-do instinct is so strong in the US, that Americans do not take kindly to the notion of impotence. In the presence of the Gorbachev drama, their automatic reflex *is to look around for ways of using America's might,* so as to help Mr Gorbachev towards a favourable outcome for the *West. By now, however,* the naivete of the reflex is becoming unavoidably obvious. Mr Gorbachev may be facing many difficulties and many opponents, and his chances of bringing off effective reforms may be precarious. But he is *pushing events along so much* faster than any foreign government can reasonably keep track of, that the very idea of *trying to help him has become* absurd.

Ever since 1968, the centrepiece of East-West relations has been *nuclear arms control,* ranging from the SALT agreements of the Nixon-Brezhnev detente, to the Euro-missile *agreement and the START* talks of the Reagan-Gorbachev era. The paradox of the Gorbachev era, however, is that while radical nuclear arms control agreements may have become more attainable in the more benign atmosphere of East-West relations, they have also become less urgent. If the danger is nuclear war with an irreconcileable opponent, and if arms control is needed to contain that danger, then arms control is needed very badly. *But if your opponent decides* that he is no longer irreconcileable, because he has other more important problems to worry about, then nuclear arms control may lose its former saliency.

It is also no coincidence that the *centre of gravity of arms* control is shifting to Europe, with the transition to new negotiations on the conven*tional force balance in Europe.* A 30 per cent cut in inter-continental nuclear weapons in START would be spectacular and *politically symbolic; but it* would make no detectable difference either to the balance of deterrence or to the ability of *the two superpowers to destroy* each other many times over. The Conventional Stability Talks (CST) in Vienna, by contrast, could lead to fundamental changes in the plausibility of a military attack by either side on the other.

It goes without saying that success in the CST will be extremely difficult, probably more difficult than a successful outcome to the START talks. Indeed, the Vienna negotiations may be so difficult, that *we may have to rely mainly on* further unilateral force reductions by the Soviet Union and its Warsaw Pact allies.

The US contribution to the Nato defence effort will remain essential for Europe's security and for the link to the American deterrent, so that the future of the US troops stationed in Europe will be a major issue in the Vienna *talks. But* the more important political point is that the US will be only one of a large number of negotiators on the Western side, while the vast improvement in the atmosphere surrounding every aspect of East-West relations, will make it both possible and necessary for the European allies to play a much weightier collective role than in any previous arms control negotiation, as well as a weightier role in any subsequent defence configuration.

So far, the European allies show little sign of responding *coherently to the implications* of the new parallelogram of forces. But in time, they will have to come to terms with the fact that the big problems, and their solutions, are here, not in Washington. If President Bush can sufficiently distinguish himself from his predecessor, by not making matters worse, Europe will have cause to be grateful.

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AMERICAN NEWS

Rescue plan for thrifts runs into opposition

By Lionel Barber in Washington

THE US Treasury's efforts to canvass support for a new tax on federally-insured bank deposits to help pay for a multi-billion dollar rescue plan for the savings and loan industry has run into opposition in Congress.

Both Democrat and Republican congressmen have voiced objections to the proposal which would impose a tax of as much as 30 cents for every $100 deposited at a federally insured financial institution.

Mr Nicholas Brady, Treasury Secretary, stressed yesterday that he was studying several options to pay for the S&L rescue, including the payment of a small fee by depositors. He intends to present a list of options next week to President Bush, though early opposition to the deposit tax may force him to drop the proposal.

The S&L crisis – which could end up costing between $50bn and $100bn – poses a political test for Mr Brady, a former Wall Street investment banker and close friend of Mr Bush.

The bank deposit tax would raise the premium for insured deposits which banks and S&Ls already pay to the Government and charge as an operating expense, officials said. It could be expected to raise $9bn a year to cover the Government's annual interest payments on the $20bn to $30bn it will have to raise annually for several years to close hundreds of insolvent thrifts.

But the proposal has aroused opposition among Republicans because it would appear to violate Mr Bush's pledge not to raise taxes. It also looks discriminatory because it would not apply to funds held in money markets or securities, and could also discourage savings – something the Administration wants to encourage.

Other rescue options include issuing bonds backed by the S&L industry, though this would add to the clean-up cost since the bonds would have to carry a higher interest rate than regular Treasury bonds. The most painful alternative would be for the Treasury itself to carry out a quick and costly bail-out, an option known as "the direct hit".

Some congressmen believe the last option would "bring home the damage" to the public of the S&L debacle and avoid a long, drawn-out crisis. The problem is how to reconcile a direct hit with the federal budget constraints and the Gramm-Rudman-Hollings budget balancing law.

Janette Stanbus on the latest failure to derail Argentine democracy

Alfonsín reminds army it must stay within the law

AFTER two days of the bloodiest fighting seen in Argentina for more than a decade, only the army has come out of the affair with credit. The armed forces have finally done something for which their performance can be commended.

In a late-night speech to the nation on Tuesday, President Raúl Alfonsín explicitly congratulated the military and called the violent takeover of the La Tablada army base by "ultra left-wing" extremists "the most serious challenge of my term" in office.

However, he also made clear that the army, which has supported rebel officers' demands that the armed forces be publicly honoured for suppressing terrorism in the 1970s, would not be given a free hand in combating violence as in the late 1970s. He said the anti-terrorist struggle could not be an excuse for "the indiscriminate use of force" and that terrorism should be fought "only from within the law but with all the force of the law".

"The Republic knows how to defeat enemies of democracy. This is an opportunity to show the world and ourselves that we have learnt from our past, that our democracy is not soft."

The President's strong words display the fine line which he must walk between mollifying the army and keeping it under civilian control. Earlier in the day, Gen Francisco Gassino, the army chief of staff, said that "the army is now closing ranks around its martyrs" in the face of terrorism.

Other political leaders have echoed the President's implications that Argentina must not return to the bad old days of the 1970s when the aim of combating left-wing terrorism was seen to justify any government means. Mr Cesar Jaroslavsky, leader of the Lower House, stressed that "we have to show that we can control subversion within the rule of law".

There is concern in Buenos Aires that the attack may be the first of a new wave of left-wing terrorism. Mr Carlos Menem, the Peronist candidate in the presidential election to be held in May, said the takeover of La Tablada "could not be an isolated event" and Mr Carlos Alvarez, government minister for Buenos Aires province, warned that it could be only "the beginning of future actions" by terrorist groups.

The terrorists' strength and large supply of arms indicate that they must have been trained before carrying out the attack. Yesterday the President enacted two decrees aimed at *preventing future outbreaks of violence*. The first will create a National Security Council to advise the President on anti-subversive measures and to improve intelligence gathering. The failure of the state intelligence service, SIDE, to predict the latest revolt as well as the December uprising of Col Mohamed Ali Seineldin which involved 400 men, has been criticised by the opposition.

A second act aims at administrative simplification, giving the Prosecutor-General special powers to mobilise provincial government departments so that "all areas of public administration [can] lend effort to the struggle".

It is unclear how the attack, which left nearly 40 people dead, will affect the governing and opposition parties in the presidential election. Mr Menem indicated that the violence was aimed at interfering with the elections and it is conceivable that the governing Radical party could gain from

Alfonsín: determined not to return to bad old days

a repeat of the type of terrorist attack that took place under the last Peronist government.

But the tragedy may be viewed as yet another example of the Government's lack of control and its inability to keep the peace.

In his speech Mr Alfonsín said "democracy is consolidated and strengthened, though at a high price" by the tragedy. The maintenance of democracy is the one concrete achievement he has to show for his five years as President.

But his hard-hitting speech did not clarify the central question of the identity of the insurgents. Some observers remain sceptical that the attack was carried out by a left-wing group.

SEC chief cool on buy-outs proposal

By Lionel Barber

MR David Ruder, chairman of the US Securities and Exchange Commission, said yesterday that granting tax relief to corporate dividends would be unlikely to halt leveraged buy-outs and other debt-financed corporate restructuring.

Mr Ruder's remarks in testimony to the Senate Finance Committee contrasted that of Mr Nicholas Brady, US Treasury Secretary. Mr Brady expressed tentative support for granting tax relief in order to stem the tide of buy-outs.

Mr Ruder said SEC economists studying buy-outs had concluded that cash flow considerations were the most important force driving the deals. He also pointed out that granting tax relief for dividends would cost "an enormous amount".

Mr Ruder repeated his support for new rules requiring extensive public disclosure in some cases, and on matters relating to the so-called fairness opinions issued by investment banks and other advisers to buy-out deals.

Mr Ruder also told senators: "Your activity may affect the market which is still nervous."

Fraud inquiry in Chicago extends to leading firms

By Deborah Hargreaves in Chicago

THE Federal Bureau of Investigation delivered more than 200 subpoenas to Chicago's trading community this week as it intensified its massive investigation into fraud at the city's major futures exchanges.

The wide-ranging probe has now extended to some of the most prominent futures firms in the industry. Subpoenas have been delivered to some big clearing firms at the city's two futures markets including some run by exchange board members.

Both the Chicago Board of Trade and the Chicago Mercantile Exchange exchanges stress that the subpoenas do not indicate any wrong-doing, and are just part of an investigative process. But, by focusing on some of the biggest futures clearing houses in the world, traders believe government prosecutors are pursuing some of the most successful brokers in the business.

Clearing firms process trades for many independent floor traders as well as their own futures brokers. The subpoenas have asked for a range of information on specific trades as well as blanket trading records which could run into billions of documents.

Some independent traders who were subpoenaed last week are believed to have provided the Government with testimony about specific trading practices which has led to the recent escalation in the scope of the inquiry. A grand jury was due to hear evidence from subpoenaed traders yesterday.

FBI investigators are also looking into allegations of tax evasion by traders in the futures pits.

The scope of the investigation has stunned Chicago's futures community. Fears about the inquiry led to a slump in trading volume at the beginning of the week, but volume was quick to bounce back.

There is a widespread feeling among Chicago's traders that they are being victimised for malpractice that is so routine it has become commonplace. "These sort of things go on," one trading firm executive commented about alleged abuses. "They oil the cogs of industry as in any business."

The city's two futures exchanges have, however, issued statements stressing their commitment to "rigorous self-regulation".

Boeing clears 737s of faults in wiring

BOEING of the US said yesterday that nearly the entire fleet of 737-300 and 737-400 airliners in service had been cleared of possible faults in their wiring systems, covering some 495 aircraft, reports Michael Donne. Only nine remained to be checked.

The checks had been ordered initially by the UK Civil Aviation Authority, after the crash of a British Midland 737-400 on the M1 motorway earlier this month. The checks were also ordered by the US Federal Aviation Administration and the manufacturers of the aircraft and engine, Boeing and CFM International.

There were immediate fears that the crash might have been due to cross-wiring or some other malfunction in the engine fire detection, overheat and vibration monitoring systems.

Although no wiring malfunctions have been found in 737-300s and 400s, this does not imply that such a malfunction did not occur in the British Midland jet.

The Department of Transport's Air Accidents Investigation Branch is still involved in its analyses.

Venezuela set to loosen private sector controls

By Joe Mann in Caracas

MR Carlos Andres Perez, who is to assume the presidency of Venezuela on February 2, has presented businessmen with an economic programme designed broadly to reduce government controls on private sector activity and promote non-traditional exports.

But the scheme still retains some elements – such as direct government subsidies and a limited number of price controls – aimed at cushioning inflation for low-income workers.

The programme, expected to be fleshed out shortly after Mr Perez takes over, was being seen by bankers as a sign that the government was considering applying for loans from the International Monetary Fund and World Bank.

Sketching out his programme to members of Fedecamaras, Venezuela's largest association of businessmen, Mr Perez said his government planned to adopt a unified, floating exchange rate for the Venezuelan currency, the bolivar, carry out a progressive liberalisation of price controls and domestic interest rates, reduce the Government's fiscal deficit, and simplify customs duties and bureaucratic rules.

These steps, which would not be implemented until after the government took office, constitute a departure from the current government's policy. This would open possibilities for export sectors such as manufactured goods.

The President-elect said direct subsidies would be provided in some areas, and that price controls would remain in place for a small basket of consumer goods.

Venezuela, one of the world's largest oil exporters, ended 1988 with a large balance of payments deficit, low investor confidence and inflation of over 35 per cent.

Peru expected to hold talks with banks soon

By Stephen Fidler, Euromarkets Correspondent

The first meeting between Peru and its leading creditor banks for almost two-and-a-half years may take place in late February or early March, according to bankers.

Peru, with accumulated arrears of $6bn on foreign loans, is making efforts to restore relations with the international financial community so it can gain access to fresh loans from the International Monetary Fund and World Bank.

A meeting, requested by Peru, took place last week in Washington between Mr Carlos Rivas Davila, the Peruvian Finance Minister, and officials of Citibank, which heads the 13-bank country advisory group. The proposal for a further meeting with the full advisory committee, the first since September 26, 1986, was agreed.

Mr Alan Garcia, Peru's President and an implacable opponent of the IMF, said on Sunday that an IMF team would visit the country next week to discuss an economic programme. Nevertheless, Peru faces a long struggle to normalise its relations with creditors.

With non-existent foreign reserves, Peru is not in a position to erase arrears, but while still behind on its payments it cannot currently gain access to new funds from the IMF and World Bank.

One possible plan is for a group of friendly countries to provide finance.

BANKS have received a delayed $530m quarterly interest payment from Brazil, Mr William Rhodes, chairman of the 16-bank advisory committee, said yesterday. The payment on restructured debt was first due on January 17 but held up, Brazilian officials said, for technical reasons.

OVERSEAS NEWS

A South Korean dockworker at Inchon port, near the border with North Korea, yesterday, checking a 200-tonne load of electrolytic copper, the first ever industrial cargo to be imported from the communist North into the South.

Revitalised Indochina set to emerge from conflict

John Ridding on the hopes for economic revival and peace after a decade of fighting in Kampuchea

A RESOLUTION of the Kampuchean conflict, which now appears nearer than at any time during the decade-long conflict, would imply dramatic change for Indochina. Traditional and deep rooted alliances would be undermined and at last there would be an opportunity to reconstruct the region's devastated economies.

Since the Vietnamese, backed by the Soviet Union, invaded Kampuchea in 1978 – to overthrow the Chinese-backed Khmer Rouge regime in Phnom Penh – the tense relations between Peking and Bangkok on the one hand and Hanoi, Phnom Penh and Vientiane have frequently prompted conflict.

In 1987 Thailand and Laos fought a brief but bitter border war and there have been regular confrontations between Chinese and Vietnamese forces. Most notably, naval units from the two countries were engaged in clashes in March last year over the disputed Spratly's Islands in the South China Sea.

Recent months have seen progress towards defusing regional tensions and Thailand has been actively promoting rapprochement. In November last year Mr Siddhi Savetsila, the Thai Foreign Minister, travelled to Hanoi, and yesterday Hun Sen, the Kampuchean Premier arrived in Bangkok.

A Kampuchean solution, together with the Soviet pullout from Kabul, has paved the way for a Sino-Soviet summit

But despite such initiatives the conflict in Kampuchea has placed a ceiling on rapprochement.

Now China and Vietnam have apparently agreed that all Vietnamese troops will be withdrawn from Kampuchea by September. China, which has supported the Khmer Rouge resistance of Pol Pot, is reported by diplomats to have agreed to phase out military aid to the coalition of three guerrilla forces, including the Khmer Rouge, in parallel with a Vietnamese pull-out.

Reports also suggest that deputy foreign ministers from both sides agreed in talks in Peking last week that the end of Vietnam's 10-year occupation of Kampuchea would be monitored by an international supervisory body that had yet to be defined.

Such moves could defuse tension permanently.

The implications for diplomatic relations extend beyond Indochina, with President Mikhail Gorbachev pressing for a summit with Mr Deng Xiaoping to refresh Sino-Soviet relations. A Kampuchean solution, together with the Soviet withdrawal from Afghanistan, have paved the way for such a summit in May.

Moscow's stated desire to improve relations with the six Asean nations and to participate in the economic dynamism of the East Asian region have been obstructed by the involvement of Vietnam in Kampuchea. With this obstacle removed Mr Gorbachev's Pacific initiative should enjoy greater success.

For the nations of Indochina the main benefit of a settlement would be the opportunity to repair their shattered societies and economies. The principal beneficiary from a resolution would of course be Kampuchea which has been ravaged by almost 15 years of civil war and suffered virtual economic destruction during the Khmer Rouge rule between 1975 and 1978. Since then the continuous fighting between the Vietnamese-backed Phnom Penh regime and the guerrilla coalition backed by China, Thailand and the West has permitted only limited reconstruction.

For Vietnam, there is little doubt concerning the benefits of a troop withdrawal. Although its military presence in Kampuchea is largely Soviet-funded, the US-led trade and aid embargo has been an important factor in Vietnam's inability to rebuild its economy following the Vietnam war. Moscow has also become

For the nations of Indochina the main benefit would be the opportunity to repair their shattered societies

increasingly unwilling to finance a war which Vietnam seems incapable of winning.

The situation has now become critical. Annual inflation is running at between 700 and 1,000 per cent and agricultural production has stagnated with poor harvests and famine in recent years.

A withdrawal of Vietnamese troops from Kampuchea could ease the crisis in a number of ways: it would probably result in a lifting of the embargo on trade and aid enforced by the US, which in turn would improve the prospects for Vietnam's foreign investment code.

Introduced in 1987, this code offers some of the most liberal terms of any Soviet bloc investment scheme. Its success has, however, been limited by the reluctance of potential trading partners to break the trade embargo.

An agreement would also facilitate Vietnam's access to foreign loans, but would not necessarily resolve the deadlock between Hanoi and the IMF which has existed since Vietnam failed to meet a deadline for an overdue payment in 1985.

In the long term, the normalising of regional relations and the lifting of trade sanctions would encourage the developments of economic links between Vietnam, Laos and Kampuchea and the Six Asean nations. Thailand in particular has expressed a desire to improve trade links with its neighbours.

Alarm in China over sharp rise in crime

By Colina MacDougall

CHINA saw alarming growth in crime last year, according to Yu Lei, Deputy Minister of Public Security, in an interview with the China Daily. Serious crime rose nearly 66 per cent, and crime overall by 45 per cent. Around eighty per cent of all crimes were theft, he said.

Peking will now target serious crime for a special crackdown, Yu said. Five years ago in a similar campaign, thousands were subjected to brief mass trials and summarily shot.

Yu confirmed that crimes of violence such as murder were up. Other reports indicate that armed robbery and the stealing of weapons from the military are no longer uncommon.

A recent amnesty in Fujian province brought in over 1,200 guns, 12,000 rounds of ammunition and 20 tons of explosives, though plenty remain in private hands. "Lawbreakers have continued their criminal activities armed with home-made guns," the China-News Service said.

Yu blamed the 50m transients who under reform policies can roam China trading or picking up casual work for much of the increase. Coastal cities where reforms have altered lifestyles are worst affected and overseas gangs smuggling drugs, gold and antiquities have entered the field.

New crime trends have given China's conservatives ammunition to criticise reforms, but earlier this month party leader Zhao Ziyang defended the situation as inevitable. "When the big river flows east," he commented, "the silt lies on the river bed while the dregs float up."

Israeli labour prepares for battle

By Andrew Whitley in Jerusalem

TENS OF thousands of Israeli public sector workers halted work yesterday, as the Histadrut Labour Federation flexed its muscles in preparation for a planned general strike next month.

Industrial trouble has been gathering in Israel since the beginning of the month, when Mr Shimon Peres, the Finance Minister, introduced an economic austerity package designed to curb public expenditure and spur growth.

A key element of official policy fiercely opposed by the Histadrut is the planned reduction of an automatic cost-of-living adjustment mechanism.

The labour organisation is also unhappy with the Treasury's refusal to implement dedicated pay awards to loss-making state-owned companies. Over 16,000 workers at Israel Aircraft Industries, one of the country's largest enterprises, staged a 24-hour strike yesterday over the Treasury's hard line on pay.

They joined telecommunications workers, social security employees and firemen who have engaged in increasingly disruptive wildcat action for several days. Potentially most damaging is the action by the state-run Bezek telecommunications company.

An all-out stoppage, as is being threatened for Sunday and Monday if the Treasury does not honour the backpay award, would disrupt all telecommunications and broadcasting. The Treasury has insisted that, if it is to improve the financial condition of troubled public sector enterprises, it must have the flexibility to implement nationally agreed pay deals at its own discretion.

Mr Yisrael Kessar, the Histadrut secretary-general, has, meanwhile, warned the Manufacturers Association that private sector employers are playing with fire over their blanket refusal to negotiate another cost-of-living award. Since the expiry, last autumn, of the last agreement, workers have been technically in a legal limbo over the long-standing practice of providing regular salary adjustments to compensate for inflation. Inflation is currently running at an annual level of over 16 per cent.

Senegal debt package agreed

By George Graham in Paris

THE Paris Club of creditor nations has agreed to a debt relief package for Senegal. The West African nation, which has already six times rescheduled its debts at the Paris Club, will benefit from the programme agreed by leading industrial nations at last year's economic summit in Toronto and at the International Monetary Fund meeting in Berlin.

Creditor nations will choose between wiping out a third of the debt repayments due and rescheduling the rest over 14 years, with eight years of grace; rescheduling over 25 years, with 14 years grace, at market interest rates; or rescheduling over 14 years, with eight years grace, but at an interest rate 3.5 percentage points below the market rate.

This exceptional programme is intended to apply only to the very poorest nations, principally those of sub-Saharan Africa. Other countries which have already received this treatment include Niger, the Central African Republic, Tanzania, Madagascar and Mali.

Senegal, with gross national product per capita estimated at around $510, has been hard hit by plunging prices for groundnut oil, one of its main exports. Its total external debt is estimated at around CFA Francs 800bn ($1.44bn).

Somalia 'to free political prisoners'

By Akwe Amosu

SOMALIA'S Government yesterday launched an international propaganda offensive promising unconditional release for all its political prisoners, a new political settlement in its war-torn northern region and liberalisation of its state-dominated economy.

Mr Jalle Mohamed Ali Samater, the Prime Minister, announced the initiative in London apparently to counter Somalia's growing reputation for human rights abuses and poor economic policies.

But he ruled out any talks with the rebel Somali National Movement with which Mogadishu is fighting a civil war.

Amnesty International, invited to witness the planned freeing of detainees, reacted sceptically to the prime minister's statement and said "the human rights situation is still serious; there have been no attempts to stop torture".

The Prime Minister could not give figures for the number of political detainees although he said those released would be in the hundreds. Amnesty believes there may be "thousands" however.

Amnesty noted the new committee to investigate abuses and a promise of a "new law" to guarantee individual rights, but warned that military personnel responsible for violations were represented on the committee.

Lebanese rivals end Syria-Iran ceasefire

By Jim Muir in Beirut

LEBANON'S feuding Shia militias announced a ceasefire agreement yesterday under Syrian and Iranian mediation in Damascus. But three hours later, their fighters were battling it out again around dozens of hill villages in southern Lebanon.

The outbreak later died away. But it underlined the doubts of many observers about the shelf-life of any agreement between the radical, Iranian-backed Hizbollah and the pro-Syrian Amal movement, so deep is the hostility dividing them.

"Anything they agree in Damascus isn't going to hold for more than a week," said one sceptical Shia source. The truce announcement, which came after three days of intensive negotiations, made it clear that the Iranian and Syrian mediators had only been able to win agreement on a preliminary ceasefire and a halt to the virulent propaganda war which has accompanied the fighting.

More than 150 people are believed to have been killed since the latest round of clashes broke out between the two factions in the hills of central south Lebanon and in Beirut's southern suburbs.

Apart from the uneasy truce, the only other point on which the two could agree was that the discussions should continue, with the aim of reaching a comprehensive reconciliation settling all the disputed issues.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, who headed a large delegation in the talks, left Damascus yesterday but is expected to return shortly for follow-up negotiations.

One stumbling block which arose repeatedly in the talks was the insistence of Mr Nabih Berri, the Amal leader, that Hizbollah should hand over the alleged killers of three top Amal leaders, assassinated in an ambush last September. But Shia sources believe the most serious bone of contention is Hizbollah's demand that its fighters be allowed to return to south Lebanon, where they lost most of their positions to Amal in the first round of fighting between the two factions last March.

Amal is strongly opposed to any return to the south by the radicals, who want to step up attacks on Israel and its "security zone" in the south. Hizbollah believes in continuing the battle into Israel itself, while Amal wants to regain the border zone and spare south Lebanon's mainly Shia population further Israeli reprisals.

South Lebanon is now the strongest card left in the hands of Mr Berri, following the collapse of Amal to a Hizbollah offensive in Beirut's southern suburbs last May. Amal sources believe Mr Berri's room for manoeuvre on the issue of a Hizbollah return to the south is not great.

Tibet leader seeks more autonomy

By Colina MacDougall

TIBET'S Panchen Lama, the nation's top religious leader after the exiled Dalai Lama, has said the region's autonomous status in China should be more fully observed, according to reports from Peking.

The Panchen Lama has been on a rare visit to his own Tibetan parish of Shigatse. The occasion of the trip is the grand reburial of five of his predecessors who were unceremoniously dug up by Red Guards in the 1966-76 Cultural Revolution.

The Panchen, nicknamed the "Chinese chopstick" by Tibetans because until now he has been effectively a Chinese puppet, also declared that the price paid by Tibet for the past 30 years had been too high – "a mistake we should never repeat". Some people, however, had already begun to repeat the mistakes, he added.

Though moves towards independence should be resolutely combated, he pointed out, stress in future should be on correcting leftist errors. In this context, "leftist" is code for suppression of Tibetans and their culture.

The Panchen Lama himself spent years in prison during the Cultural Revolution, and contrary to his status as a monk was forced to marry by the Chinese.

S African minister resigns

By Jim Jones in Johannesburg

THE South African Government, already in turmoil as Cabinet ministers manoeuvre to succeed an ailing President Botha, has been further shaken by the sudden resignation from the Cabinet of Mr Pietie du Plessis, Minister of Manpower and Public Works.

Mr Du Plessis is reported to have resigned on Tuesday and is expected to relinquish his parliamentary seat in the marginal Transvaal constituency of Lydenburg. Mr Chris Heunis, the acting State President, said in Cape Town yesterday Mr Du Plessis had resigned "of his own accord".

Mr Peter Soal, the opposition Progressive Party's spokesman, reacted to the resignation by calling for a public investigation into reports concerning land deals. He said Mr Du Plessis had been the most spendthrift of ministers and had regularly refused to answer questions on amounts spent on refurbishing ministerial houses.

The resignation will lead to a by-election in a constituency in which the ultra-right Conservative Party has been gaining ground. Its loss would be a serious set-back to the ruling National Party which has also been shaken by another scandal which has led to this week's resignation from parliament of Mr Peet de Pontes, the MP for East London.

Mr De Pontes resigned after reports he had taken money to facilitate the entry of an Italian drug dealer, Mr Vito Palazzolo, into South Africa.

● This year's parliamentary opening on February 3 is to be a quieter affair than usual because of Mr Botha's illness. The usual fly-past and parade through Cape Town's streets will not take place, nor will the usual cannon salute.

Hong Kong trade deficit

By John Elliott in Hong Kong

HONG KONG last year had a visible trade deficit of HK\$5.73bn (£414.6m), compared with a small surplus of HK\$86m in 1987.

The deficit was caused mainly by a dramatic slowdown in the growth of the colony's home-produced exports from 27 per cent in 1987 to 11.5 per cent last year, at a time when demand for imports remained strong.

Provisional figures announced yesterday showed that total exports grew last year by 30.4 per cent to HK\$493.1bn. This included domestically produced exports of HK\$217.7bn, up 11.5 per cent over 1987, and re-exports of HK\$275.4bn, an increase of 50.7 per cent. Imports grew by 32 per cent to HK\$498.8bn.

The deficit was broadly in line with government expectations and there is no sign of any policy changes being considered.

Picking up the pieces of Uganda's broken economy

Julian Ozanne, recently in Kampala, finds signs of hope but a still tentative recovery from civil war

Villagers in the Luwero Triangle, Uganda's notorious killing fields during the civil war between Yoweri Museveni's National Resistance Army and Milton Obote's troops, are slowly returning to their ruined homes and reclaiming their small farms from the bush and overgrown elephant grass.

The area around the small town of Semuto was the base of operations for the NRA and consequently one of the worst ravaged by Obote's army. Homes were riddled with bullets, looted and stripped bare of window frames, doors and corrugated iron roofs. Crops were burnt down and most people fled. Semuto became a ghost town.

It was here that Obote's soldiers practised a policy of genocide against the Baganda villagers. Every day now, as new stretches of land are ploughed, skulls and fragments of bone are collected from the freshly turned soil.

The grisly remains are no longer piled up beside the road but gathered into large black rubbish bags awaiting collection by government trucks. After three years of peace under President Museveni's National Resistance Movement, Luwero's long suffering peasants are trying to forget.

Since 1986 the area has been the focus of reconstruction efforts. Semuto has been given two new tractors, a coffee factory has been built and in November the Uganda Commercial Bank opened its first branch in the town.

When the NRM came to power – three years ago today – it inherited an economy devastated by years of war, plunder, corruption and despotic misrule. The nation's industrial base lay abandoned, its infrastructure in an advanced state of decay and farmers retreated into subsistence production.

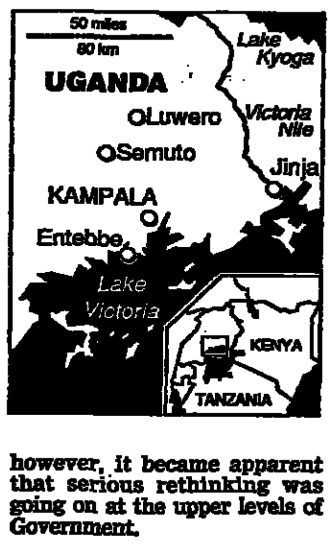
The new Government viewed the economic policies of its predecessors with disgust and had a bitter contempt for Western donors which had financed a succession of governments presiding over personal enrichment and gross human rights abuse.

Restoring peace and security became the NRM's first priority, with economic policy allowed to drift in populist directions.

The exchange rate was revalued, price controls reintroduced, government salaries raised, budgetary outlays doubled and monopolies were established for key items of external and domestic trade.

By the end of 1986 the fiscal deficit had increased to 4.4 per cent of GDP; money supply expanded by 176 per cent over the year. Inflation soared, to 256 per cent between May 1986 and May 1987. And with 49 per cent of Uganda's 1986 export earnings of \$420m going to pay off its \$1.7bn external debt – and much of the rest to finance the continuing civil war – import capacity was squeezed.

Towards the end of 1986,



however, it became apparent that serious rethinking was going on at the upper levels of Government.

The following May the Government introduced an IMF approved economic recovery programme aimed at stimulating economic growth and restoring price stability. The exchange rate of the Ugandan shilling was massively depreciated and a new currency (the new shilling, worth 100 of the old) introduced. Other measures aimed to squeeze out excess monetary liquidity and boost agricultural and industrial production.

The results were mixed. Agriculture and industry responded strongly but GDP at factor cost grew by just under 3 per cent in the 1987-88 fiscal year, ending on May 31. Over the same period inflation stood at 188 per cent.

Part of the failure of the first reform programme was due to external shocks, including falling coffee export prices. But the Government also allowed the money supply to increase by some 230 per cent in 1987-88 to finance coffee purchases and stocks, and domestic credit expanded to meet public spending on defence and relief efforts.

In July last year the Government redoubled its efforts. A new programme was announced, depreciating the exchange rate by another 60 per cent, increasing agricultural producer prices, reducing the budget deficit, raising interest rates by 10 percentage points to 40 per cent and restricting monetary expansion through a reduction in bank credit to government.

The Government also pledged itself to regular adjustments of the exchange rate to maintain real effective depreciation. In December last year the shilling was further devalued by 9 per cent from Ush150 to Ush165 to the dollar.

This, combined with a tight monetary and fiscal policy, has had a powerful impact on inflation. According to figures released by the Central Bank, inflation averaged 1.7 per cent a month between July and November last year.

"As a result of strict policy we have broken the back of inflation. This is an excellent omen for the future," comments Mr Tumasime, Permanent Secretary at the Ministry of Planning.

Agricultural and industrial output has continued to rise and the Government estimates a GDP growth rate of 5 per cent for 1988.

But there remain formidable barriers to tapping Uganda's rich economic resources.

Corruption is rampant in the civil service and policy implementation is weak. Civil servants at the bottom end of the ladder get paid only Ush1,000 per month – the price of a bunch of *matoke* (bananas), the staple foodstuff – and a permanent secretary Ush6,000. Most bureaucrats moonlight and spend much of their time working on outside interests.

While peace and security has been restored to most of the country a heavy price has been paid for this. The army has swelled from about 20,000 to 80,000 strong, consuming 40 per cent of the budget. Many former rebels, some with dubious pasts, have been assimilated into the NRA as part of a Government amnesty.

And despite a tough Government policy on army brutality, there have been allegations by Amnesty International of NEA human rights violations in the struggle against rebel resistance in the north.

The broad based Government set up by President Museveni in 1986 has survived largely intact. But with a cabinet of more than 60 there is a feeling, shared by the President, that it is a government of quantity rather than quality.

Divisions are also appearing within the coalition about the longer term political institutions needed.

The NRM has been insistent that a return to conventional party politics is off the agenda.

"Party politics have failed consistently in Uganda and led to unresponsive leadership, corruption, tribalism, repression and bloodshed. We need to rethink what is the best structure suitable to our country which can guarantee direct participation, democracy and a sure system of succession," says Mr Eryia Kategaya, Second Deputy Prime Minister.

Instead, the Government has built a pyramid structure of elected Resistance Committees, ranging from individual villages up to district level.

But the powers and scope of the RCs remain undefined and some political observers are sceptical of the NRM's plans to substitute this system for parliamentary democracy.

President Museveni's Government still commands much support both inside and outside Uganda. Its image of integrity has remained largely untarnished.

In three years the country has come a long way. But the gains are by no means secure. A lasting peace, a political system which guarantees peaceful succession and real tangible economic benefits for Uganda's people remain elusive. For a Government which gave itself until 1990 to deliver the fruits of peace, time must seem to be running out fast.

Growing party discontent undermines Gandhi's standing in Congress-I

By K.K. Sharma in New Delhi

THERE HAS been a rapid and ominous escalation in dissident activity within the ruling Congress-I party after its resounding defeat in the southern state of Tamil Nadu last week and this has led to a considerable weakening of the *Indian Prime Minister's* position as party leader.

Dissidents are trying to topple senior party leaders in several states. A further setback for Mr Rajiv Gandhi has been a statement by a senior Congress-I Member of Parliament which sought "an alternative within the Congress-I as a majority of the members of legislatures, including parliament, are displeased with the leadership".

The statement was made by Mr Chimanbhai Mehta and is the first direct challenge to Mr Gandhi's leadership since his tussle with Mr V.P. Singh, who now leads the opposition National Front, more than two years ago over charges of payoffs in defence deals.

The statement said "the decline in the popularity of the Congress-I is continuing because of the deliberate cultivation of feudal culture of loyalty to the leadership at the cost of principles". Mr Mehta said the Tamil Nadu results had "exploded the argument that there is no alternative to the Congress-I".

The statement came as Congress dissidents are challenging chief ministers nominated by Mr Gandhi. In the volatile state of Bihar, two ministers have resigned from the government and joined nearly 200 dissidents seeking to remove Mr Bhagwat Jha Azad as Chief Minister.

Mr Azad was sent to Bihar by Mr Gandhi just 11 months ago and has found it virtually impossible to rule the state because of opposition to him within the party. The dissidents were yesterday persuaded to give him a temporary reprieve and the state legislature was adjourned for a week to prevent Mr Azad's defeat on the floor of the house.

In Madhya Pradesh, a team of senior ministers sent by Mr Gandhi to ensure a smooth succession to Mr Arjun Singh, who resigned earlier this week after criticism of him in the High Court concerning a corruption case, found the going heavy because of opposition to their choice from Congress-I state legislators.

After a delay of three days, Mr Motilal Vora, the Health Minister in Mr Gandhi's Cabinet, was yesterday sworn in as Chief Minister. Since Mr Vora is opposed by a large group in Madhya Pradesh, he is certain to find the state tough to govern and even more difficult to save for Congress at a time when national elections are less than a year away.

There are reports from the western state of Rajasthan that Congress dissidents may threaten the stability of the state government headed by Mr S.C. Mathur, another Gandhi nominee.

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OVERSEAS NEWS

Peking keeps the Dalai waiting

Colina MacDougall on China's waning enthusiasm for Tibet talks

ARE the Chinese trying to slide out of their proposal to hold talks with Tibet's exiled spiritual leader, the Dalai Lama?

At first informally scheduled for Geneva this month, Peking has begun to spell out additional terms for the meeting which look like delaying it indefinitely.

Since September when Peking, under pressure from the world publicity given to the Dalai Lama and the growing violence in Tibet, first suggested discussions, its interest appears to have cooled.

In the interim it has beefed up its relations with Nepal and India and induced them to look again at the kind of support they give to Tibetan refugees.

With Tibet's southern neighbours taking a harder line, Tibetan borders sealed more closely and security within the region tightened, China may be happy to procrastinate.

This attitude is unlikely to be popular with western governments, already exercised by the human rights issue and the shooting of foreigners and Tibetans by police in Lhasa at an independence demonstration in December. At least one monk was killed and numbers of onlookers, including a Dutch woman, were injured.

The British Foreign Office has stressed to the London-based Tibet Support Group that it views China's commitment to the talks as important, although its degree of resolution in pressing the Chinese to fulfil that commitment remains to be tested.

Initially, the Chinese agreed to talks with the Dalai in Peking, Hong Kong, any of their missions abroad, "or any place he wishes" – a concession, since they had always insisted he came to Peking.

This accommodating spirit was somewhat marred when they declared that "no foreigner" (a reference to the Dalai's Dutch adviser, international lawyer Mr Michael van Praag) could take part. They also refused to meet any delegation from the Tibetan leader's government-in-exile, but at the time, prospects of getting the talks off the ground seemed relatively bright.

Then the Chinese objected to the fact that the Dalai himself did not intend to be present at the earliest, agenda-setting talks. They did so casually, through a previously obscure official, Ms Chen Xin, vice minister of the Nationalities Affairs Commission and the Hong Kong newspaper, Wen Wei Po.

Ms Chen has since noted that a demonstration by young Tibetans held outside the Chinese embassy in New Delhi would delay negotiations and was "not favourable" to Chinese contacts with the Dalai.

Latest objections are to the proposed venue – Geneva – and to the presence of members of the Dalai's government-in-exile in India in the negotiating team.

While China originally said it would not meet a government-in-exile delegation, it did not stipulate that the Dalai's team should not contain government-in-exile members.

The Chinese are also trying to insist that none of the team members should include Tibetans who have ever called for independence, which would rule out almost the entire exiled community.

They have already stated that the Dalai's proposal made in Strasbourg last June – that Tibet should have internal self-government – should not be the basis for the talks. Clearly the Chinese do not want to condone in any way the idea that the present status of Tibet is up for discussion.

Cynics suggest that now the long-awaited December visit to Peking by the Indian premier, Mr Rajiv Gandhi (whose country has been host to about 100,000 Tibetan exiles since they fled Tibet in 1959) is safely over, the Chinese can afford to dispense with their mollifying attitude towards the Dalai.

The joint communiqué on the Gandhi visit reaffirmed that Tibet was part of China, and that India did not permit anti-China political activities by Tibetans on its soil. While this is nothing new, this fresh and positive restatement of the Indian position can be used by China to pressure Delhi if Tibetan protests in India recur.

As for Nepal, Peking has stepped up its efforts to shut it down as any kind of sanctuary. At the end of November, the Nepal government confirmed it would not allow Tibetans to use Nepalese soil for hostile action against the Chinese.

Hitherto the Tibet-Nepal border has been relatively porous. But in September, for the first time, the Nepali Government deported 26 refugees (including some children) to China.

To make it worse, the Nepalis reportedly allowed Chinese embassy officials to question them beforehand and to take photographs. American sources indicate that Nepal has since despatched a further 250 back to China.

In September, the Nepali Government confirmed arms purchases from China (to India's concern) and later reaffirmed its "friendly ties" with China. Since then a Chinese vice-minister of security, Gu Linfang, has paid an 8-day visit to Nepal. Tibetans living in Nepal are reportedly packing up to leave for India as the political climate cools.

In Tibet itself the situation is growing more polarised. The security forces are becoming tougher as they improve logistics and local control. Yet protests continue. At least one has taken place since in Lhasa (by Tibetan students) and one (also by Tibetan students) in Peking.

China appears anxious to reassure domestic and international opinion that all is normal, by reporting the welcome given to the Panchen Lama's recent religious visit to Tibet, the arrival of the new, dynamic party secretary, Hu Jintao, and frequent (but limited) developments in education or culture.

But it is unlikely that there will be much change until there is at least a start on the process of accommodation with the Dalai Lama.

Ashley Ashwood

Dalai Lama: still hoping for a word from Peking

TIBET'S status as an autonomous region of China should be more fully observed, the Panchen Lama has declared, according to reports from Peking, writes Colina MacDougall.

The Panchen Lama, Tibet's top religious leader after the exiled Dalai Lama, has been on a rare visit to his own Tibetan parish of Shigatse. The occasion of the trip is the grand reburial of five of his predecessors who were unceremoniously dug up by Red Guards in the 1966-76 Cultural Revolution.

The Panchen, nicknamed the Chinese chopstick by Tibetans because hitherto he has been effectively a Chinese puppet, also declared that the price paid by Tibet for the past 30 years had been too high – "a mistake we should never repeat."

Some people had already begun to repeat the mistakes, however, he added. Though moves towards independence should be resolutely combated, the emphasis in future should be on correcting leftist errors, he said. In this context, "leftist" is code for suppression of Tibetans and their culture.

The Panchen made the comments at an unusual meeting of leaders of the autonomous region and of other supposedly autonomous Tibetan areas in adjoining provinces. The fact that the meeting has been held indicates growing Peking concern at dissident protest and at rising world awareness of the Tibetan plight.

WORLD TRADE NEWS

US attempts to dispel EC fears on telecom trade

By William Dawkins in Brussels

The US yesterday attempted to dispel fears that it was planning possible retaliation against trade restrictions in the European Community's telecommunications industry, amid signs of grave concern from the EC.

Mr Alfred Kingon, US Ambassador to the Community, said Washington had served notice on the European Commission that it wished to open negotiations on market opening measures. "This is not a brawl, this is not retaliation . . . We are opening a negotiating process with the Community," Mr Kingon said.

However, he warned that the Commission's green paper on the liberalisation of telecommunications was not explicit enough on what kind of market access would be allowed to non-EC countries.

A Commission spokesman said Washington had not yet given Brussels full official notification, but that the Community was "seriously concerned."

The EC market for telecommunications equipment is worth around Ecu17.5bn, the Commission estimates, just under a fifth of the world total, while EC producers are believed to have run an Ecu500,000 deficit with the US in 1987.

Under the Trade Act, the talks could go on for up to three years, well before the creation of the EC single market in 1992. However, Mr Kingon said the US was "simply looking for a commitment," rather than detailed EC plans, within the deadline.

Washington's call for talks is a consequence of a provision in last year's US Omnibus Trade and Competitiveness Act, obliging it to open talks with countries with which it does not already have telecommunications agreements.

The call is also directed at South Korea, but not at Japan because the US already has a telecommunications accord with Tokyo, and wishes to continue negotiations within that same agreement.

This represents a break with previous US policy of seeking market access accords in the sector with individual member states and a mark of Washington's recognition of the EC as the competent authority for telecommunications.

Mr Kingon said the sector had been singled out for separate negotiations because services were not yet covered by the rules of the General Agreement on Tariffs and Trade. However, the Commission spokesman said the EC's policy was to pursue liberalisation within the Gatt, which covers telecommunications equipment, but not services.

US Treasury lobbied on 25% mini-van tariff

By Peter Riddell, US Editor, in Washington

THE US Treasury is facing intense lobbying both from leading domestic motor manufacturers and from European governments and Japan over whether to approve a 25 per cent tariff on imported minivans and sports utility vehicles.

A decision is imminent, possibly by the end of the week, and presents Mr Nicholas Brady, the Treasury Secretary, with a delicate balance between the high profile campaigning of the Big Three US producers and international complaints over protectionism.

The issue was raised by both Mr Nigel Lawson, the British Chancellor of the Exchequer, and Mr Gerhard Stoltenberg, the West German Finance Minister, in meetings in Washington with Mr Brady two weeks ago.

The argument has arisen because of a ruling on January 4 by the US Customs Service that all imported vans and sports vehicles, previously classified as cars and facing a 2.5 per cent duty, would be classed as trucks and face a 25 per cent tariff.

In response to protests from overseas governments that long-standing international classifications were being changed, the US Treasury suspended the ruling on January, pending the current reconsideration. The European Community treats such vans and sports vehicles as cars.

The chairmen of the Big Three US producers, General Motors, Ford and Chrysler, have written jointly to Mr Brady arguing that the Treasury would lose "several hundred million dollars in anticipated revenue" if the importers won the case.

The argument turns on whether the tariff should be levied on the design of the vehicle, like trucks, as the US producers argue, or their use, as passenger vehicles, as the overseas companies maintain.

These vans and sports vehicles account for only about a tenth of the domestic US market, but sales have been growing rapidly. A 25 per cent tariff would raise prices by an average of $2,500, according to industry estimates.

Fiat agrees to new talks on Polish mini-car deal

By John Wyles in Rome

Poland's Minister of Industry, Mr Mieczyslaw Wilczek, yesterday secured the agreement of Italy's Fiat group to set up a joint committee to examine proposals which would radically alter a $500m (£277m) deal to produce a new mini car at the FSM car plant at Bielsko Biala in southern Poland.

Warsaw caused some consternation inside Fiat in December by abandoning its plan to award Fiat a further $500m contract to re-equip the FSO plant near Warsaw for the production of a medium-sized car. The Polish government decided it could not afford the investment required for an annual production of around 160,000 units.

Poland's revised plan envisages production of the same mini-car planned for FSM at the Warsaw plant with a joint annual output of up to 600,000 units. The result, said Fiat yesterday, "is that the whole situation has been re-opened and all aspects need to be thoroughly examined."

It is not yet clear whether the Polish change of mind will impose a severe delay on the FSM small car project. Fiat has prepared a prototype of the vehicle to replace the Fiat 126 which FSM has been producing since the early 1970s.

This was shown to Mr Wilczek in Turin after his round of meetings with Fiat executives, including Mr Cesare Romiti, the group managing director and managing director of Fiat Auto.

The joint working party is to examine the industrial and financial implications of the Polish proposal which involves adding, ultimately, another 300,000 units to those due to come out of the FSM plant when production of the new model is fully on stream.

ACP group seeks further trade preference in EC

By David Buchan in Bridgetown, Barbados

A DIPLOMATIC squall blew up yesterday in the Caribbean between the European Community and the group of 66 African, Caribbean and Pacific (ACP) countries over the latter's complaint of vanishing trade preferences in the EC market.

Addressing a joint European Parliament-ACP meeting in Barbados, Mr Carl Greenidge, the Guyanan Finance Minister representing the ACP countries, said the EC should compensate ACP states for making general concessions on tropical products in negotiations on the General Agreement on Tariffs and Trade.

But Mr Luis Yanez, the Spanish Development Minister, speaking for the presidency of the EC Council of Ministers, retorted that the Community "could not guarantee any relative level of preference" for ACP countries, most of whose products already enter the EC duty-free. ACP states, whose share of the EC market has recently declined despite their special links with the Community under the Lomé Convention, resent similar trade advantages being given to other developing countries outside the Lomé framework.

Mr Yanez said multilateral trade negotiations were in the interests of all parties. Despite ACP protests to the contrary, he maintained that Brussels had properly consulted its Lomé partners before announcing at Montreal last month that it would free access for all tropical products immediately.

Italy's oil contractors grin and bear it

Alan Friedman on how ENI's subsidiaries are dealing with the drop in crude prices

LIFE has been rather tough lately for SAIPEM, the oil and gas drilling and pipelaying subsidiary of Italy's ENI state energy concern.

The past couple of years have been especially hard ones because of the depressed level of investment in the petroleum sector. SAIPEM's traditional clients, hit by the weakness of both the price of crude and the US dollar, have suffered lower cash flows. Less exploration, both on and offshore, has been taking place. And competitors in the international plant engineering and services industry have been slashing their margins in order to retain or win orders.

In the current year SAIPEM is bracing itself for a 20 per cent drop in its revenues, from an estimated L1,340bn ($1bn) in 1988 to around the L1,050bn this year.

Nor are things much better at Snamprogetti, the plant engineering company that is a sister to SAIPEM in the ENI group. Snamprogetti reckons that after four years of cut-throat conditions for the world's leading contractors, it is an achievement merely to have level-pegged its turnover at around L1,000bn and to have produced a 1988 profit in line with 1987's modest L10.2bn. For a company that prides itself on big turnkey projects and depends upon the natural gas and petroleum sector for a third of its work, just standing still is hard enough.

Conversations with the managing directors of both SAIPEM and Snamprogetti reveal that both men are nonetheless cautiously optimistic about a moderate upturn in orders between now and 1990. Yet Mr Gianni dell'Orto, who runs SAIPEM, and Mr Duilio Greppi, the head of Snamprogetti, are both aware that the good old days are over.

So how are ENI's sister engineering concerns coping? And what strategies are being pursued in order to maintain momentum in the 1990s?

For both SAIPEM and Snamprogetti, the strategic leitmotifs are diversification and joint ventures, while the corporate fallback strategy is found in a policy of squeezing every possible advantage out of other companies inside the ENI group – equipment makers, such as Nuovo Pignone or explorers such as AGIP.

Both SAIPEM and Snamprogetti are also accepting more smaller-sized jobs that a few years ago would have been ignored. An example is a recent L36bn contract won by Snamprogetti to build a bitumen plant in Tanzania.

According to Mr dell'Orto, SAIPEM's revenues would have suffered even more in 1988 had it not been for the completion of two large contracts – the IPSA-2 oil pipeline that runs 900km from Iraq to Saudi Arabia and a gas pipeline that runs 450km from the delta of the river Niger to Lagos.

The past years have been hard ones because of the depressed level of investment in the petroleum sector. SAIPEM's traditional clients have suffered lower cash flows.

These orders contributed L350bn and L170bn respectively to SAIPEM's 1988 consolidated turnover, or in other words, about 39 per cent of total 1988 revenues.

In the next couple of years SAIPEM is hoping to drum up new orders for the laying of gas pipelines in the North Sea, an area that Mr dell'Orto predicts will offer the industry up to $1.8bn of contracts between now and 1993.

To prepare for growth in the North Sea, SAIPEM last year formed European Marine Contractors Ltd, a joint venture with Brown & Root that must compete against companies such as McDermott of the US, ETPM of France and Heerema of the Netherlands.

SAIPEM's other hope for the future, along with several other Italian plant engineering and service concerns, is Iran. Since last June, executives of SAIPEM have been in talks with the National Iranian Oil Company (NIOC) about a project to lengthen the IGAT-2 gas pipeline that runs from the Southern Iran to Tabriz in the North.

More importantly, though, the Iranians signalled to SAIPEM and other Italian contractors that new orders may be around the corner as Tehran begins to reconstruct its industrial infrastructure after years of the Gulf War.

The first fruits of the Bandar Abbas solution came just a few days ago with the news that Belleli, a private plant engineer with ties to IRI companies, has won a $740m contract from Iran to build a steel plant.

Aside from the search for new markets SAIPEM and Snamprogetti are trying to cut costs by seeking lower priced equipment from other companies inside the ENI or IRI state groups.

"We can buy pipelines from Italsider at a cheap price and try to beat the Japanese," says Mr dell'Orto, adding that by the same token "we have bought pumping stations from Pignone at low costs."

"My impression," says the SAIPEM chief, "is that we are approaching the end of the negative phase in this market." Mr dell'Orto does not, however, speak with enormous conviction about this forecast. He has more heart when he talks about the smaller projects that SAIPEM is pursuing in new markets such as Nepal, Gabon, and North Yemen where SAIPEM has never worked before.

At Snamprogetti, meanwhile, a similar strategy is underway – the search for smaller jobs, for new geographic areas of work, the need to cut back on equipment costs by squeezing sister companies inside Italian state groups and finally the need to cut margins in order to retain market share.

The outlook for 1989 at Snamprogetti suggests, for the third consecutive year, a net profit of around L10bn on turnover of around L1,000bn.

Level-pegging this may be, but given current conditions it is viewed by the company as a satisfactory performance. And this, at the end of the day, appears to be the way big Italian contractors see the near-term, as a phase in which the key objective is to hang on during the current shake-out in the world market, until an upturn in capital outlays brings back traditional clients.

UK bank to expand into US project financing

By Peter Montagnon, World Trade Editor

MORGAN Grenfell, the UK merchant bank, is to expand into the US domestic project financing market by acquiring the business of the Avidyne Group, a San Francisco-based specialist company.

The move underlines the attention being paid to the US market as well as those of other developed countries by merchant banks suffering from a traditional business dearth in the developing world.

Mr James Dundas, Morgan Grenfell's head of international finance and banking, said a great deal of private sector and limited-recourse financing potential existed in the US market.

Morgan Grenfell had established international expertise in this field but "we haven't to date got anything of a track record of our own right in the US".

Mr Peter Yoakum, head of Avidyne, becomes chief executive of a newly-formed Morgan Grenfell Capital Financing subsidiary which will take on Avidyne's staff. Mr Dundas declined to say how much Morgan Grenfell was spending on the operation.

Size of stakes in electric companies to be restricted

By Maurice Samuelson

THE GOVERNMENT is to take special shares in the electricity supply industry to ensure its independence after its breakup and sale to the private sector.

The shares would be used to prevent private investors from raising shareholdings in the privatised companies to more than 15 per cent, Mr Cecil Parkinson, Energy Secretary, told the Commons Energy Committee yesterday.

The arrangement, which is reminiscent of the golden shares taken by the Government in other privatised industries, such as Britoil, British Gas and British Telecom, are part of its scheme to promote competition and diversity into what has traditionally been a monolithic and monopolistic business.

They could also be used to prevent an industry of strategic national importance falling under foreign control.

The special shares would at first be taken for only five years in the 12 distribution companies, which will succeed the present area electricity boards in England and Wales. However, the shares would be held indefinitely in National Power and Power Gen, the big two generating companies for England and Wales, in the two vertically integrated Scottish boards, and in the National Grid Company, which will operate the transmission system.

After five years, it would be possible for individual shareholdings in distribution companies to exceed 15 per cent, but then only with the consent of more than 75 per cent of all the shareholders. These limits would be removed altogether after 10 years.

Despite having the power to control the balance of shares in a company, Mr Parkinson said that in the "highly improbable" event of a distribution company getting in serious difficulties, the Government would also be free not to veto a change in its ownership. This could take the form of a merger or takeover by another electricity distribution company.

Assuring members of parliament that the industry would be sold "at a fair price" rather than at a discount, Mr Parkinson said that its capital structure had not yet been settled. He indicated for the first time, however, that it would be "geared up" to include debt as well as equity. The industry is debt-free.

He confirmed that the Government would have a say in determining the initial post-privatisation contracts between the production and distribution side of the industries as well as the terms on which coal, gas and oil would be supplied to the power stations.

However, contracts for bulk coal deliveries would be primarily for the electricity and coal industries to determine.

Mr Parkinson denied that the Government was biased against the use of coal for the industry and said that it would be free to obtain its fuel from the cheapest source.

But if British Coal continued with its present rate of progress, he expected it to be "the supplier of choice of a very substantial proportion" of the electricity industry's fuel.

Meanwhile, he had last week formally approved the appointment of "headhunters" to seek candidates for the powerful post of director-general of the office of electricity supply who will regulate the industry in the interest of consumers.

The regulator's office would be staffed by 223 people, of whom 115 would be involved in the new regulatory process. The others would perform jobs already carried out under the present system – such as consumer protection in each of the 12 areas.

NatWest plans £3bn spending to update computer network

By Alan Cane

NATIONAL WESTMINSTER, the UK's largest retail bank, is planning to invest £3bn over the next five years to bring its ageing computer systems up to date to cut costs and improve the quality of its services.

About £1.2bn will be spent on hardware including new mainframe computers, data storage units and computer terminals. The rest will be accounted for in new facilities, programming and communications costs.

Mr Bert Morris, chief executive of the bank's support services division which includes responsibility for information technology, said the investment would represent the largest tranche of capital expenditure for the group in the period to 1994.

Work on the first phase of the programme, which will include rewriting all the 12,500 computer programs which support the bank's activities, has already started. The project comes up for formal approval from the board in two week's time.

The programme includes the establishment of a new computer centre at Stone in Staffordshire, in addition to the bank's existing centres at Goodmans Fields, London, and Kegworth in Leicestershire. Plans for a fourth centre are at an advanced stage.

Logica, a leading UK computing services company, has won the contract to assist the bank in redeveloping its business software.

Some elements of the programme are technologically risky. The new systems will be based on an advanced electronic filing system called DB2 designed by International Business Machines which is still developing and has yet to prove it can operate quickly enough to handle the 1m requests for information the bank's 21,000 computer terminals will generate every day.

National Westminster is the last of the big UK banks to tackle a problem which is now the single biggest operational concern for banks worldwide.

Their computer systems, built some 20 years ago or more, were designed around account numbers, making it difficult if not impossible to use the systems for the full range of marketing activities.

REFORM OF THE LEGAL PROFESSION

Advocates proposed to replace solicitor/barrister distinction

By A.H.Hermann

PERHAPS the most radical novelty of the Lord Chancellor's proposals for the reform of the UK legal system is the creation of a body of advocates who could be either barristers or solicitors, or other professionals properly qualified.

The emphasis should no longer be on belonging to one or the other professional organisation. A stroke of pen would sweep away the perennial controversy between the Bar, the barristers' professional association, and the Law Society, the solicitors' body about the rights of audience in higher courts.

Barristers alone have hitherto held this right. Under the proposals only the qualification of the individuals would determine what they can do and in which courts.

Of no less importance, particularly for the clients, would be that the decision on whether a barrister should be accompanied in the court by a solicitor or – to adopt the *discussion documents' new terms* – an advocate by a second lawyer who is not an advocate, would be left to those who pay the bill.

Clients would also have a wider range of advocates from which to choose. Those already admitted to the Bar would retain their present rights of audience in higher courts. But newly admitted barristers as well as solicitors, and other professionals, *could gain rights* of audience only if they can show they have the required education, training and qualifications and are bound by appropriate codes of conduct.

The Lord Chancellor will reach his decisions on rights of audience on the basis of advice from the new Advisory Committee on Legal Education and Conduct, and after consulting the judiciary. One can expect that the judges will act as a brake and that the expansion of rights of audience to the new category of advocates will proceed slowly at first.

However, the judiciary itself will change with time, if and when new appointments to higher courts are made from the reservoir of country court judges and solicitors who will qualify for High Court appointments as soon as they gain a required experience as advocates.

The Advisory Committee will make recommendations for such appointments so that the system should become more open, replacing the confidential inquiries by the Lord Chancellor's Department.

The rights of an advocate will be attained by obtaining a certificate of competence. A "full certificate" will entitle to advocacy before all courts, a "limited certificate" in only lower courts. The universal prohibition of rights of audience for staff lawyers is no longer considered necessary, in particular, the discussion document *foreshadows the possibility* of giving rights of audience in all criminal cases to lawyers employed by the Crown Prosecution Service if they obtain advocacy certificates.

In addition to certificates authorising general advocacy, in higher or lower courts, there will also be certificates for advocates specialised in criminal or civil matters. One change will be that the public will have access to advocates without having to go through solicitors.

The new organisation of advocacy abandoning the difference between solicitors and barristers will call also for a reorganisation of legal education and training. It is proposed to develop areas of specialist expertise and to determine for each the standards of education, training and qualification.

'No limits' to range of services

By Raymond Hughes

THE RANGE of choice available to users of legal services in England and Wales should not be limited unless there are strong public interest reasons to the contrary, according to the proposals.

The legal professions should be as free as possible, consistent with the safeguarding of clients' interests, to offer services which best meet client *needs*.

Proponents of mixed practices or multi-disciplinary partnerships believe they would enable solicitors to compete better with other businesses which include legal advice among their services and adapt to changing conditions of demand for professional services without resorting to artificial devices or breaching practice restrictions.

Amendments to the 1974 Solicitors Act are proposed to permit solicitors to enter partnerships with other professions and with overseas lawyers, subject to safeguards on standards. *The demand for multinational legal practices is growing and will be given a fillip by the completion of the single European market.*

If present restrictions are not lifted there is a risk that English solicitors will lose out to overseas law firms, which are permitted to be more flexible in arranging partnerships.

Once restrictions have been removed, the Law Society, or any other professional body, would have to satisfy the competition watchdog *that* any remaining restrictions they imposed were not unnecessarily anti-competitive.

There is appears no reason in the proposals why mixed practices should be partnerships rather than a corporate structure. It will be essential for a solicitor's personal responsibility as a lawyer to override, in any conflict of interest or rule, his or her responsibility to the mixed practice as a whole and to fellow members.

Banks may extend legal work

By Richard Waters

MANY small law firms will face much greater competition for their routine work if the Government enacts rules governing the legal transfer of property (conveyancing) in the form proposed yesterday.

Any institution will be able to offer conveyancing, provided it employs enough lawyers or licensed conveyancers (a speciality introduced by the 1985 *Administration of Justice* Act).

The institution will have to undergo tests to see whether it is "fit and proper".

That has been the Government's avowed intention for some time.

In a significant break with earlier policy it said yesterday that building societies and banks would be able to handle conveyancing for their mortgage customers.

That gives lenders a competitive advantage, enabling them to offer a "one-stop" service to property buyers.

The Government's earlier *fear was of a conflict of interest* where a conveyancer acted for both the buyer and the lending institution.

The conveyancer may receive information from the borrower, for instance, which reduces the chance of the loan being granted.

Also, the conveyancer would find it difficult to give independent advice about the type of mortgage best suited to the customer.

The Government yesterday reversed its policy *of* not allowing conveyancers to act for buying and lending institutions. It said that many solicitors *already acted* for both lender and borrower on a purchase.

However, a code of conduct will be introduced to ensure that customers benefit from protection.

It will insist, for example, that conveyancers employed by lending institutions make clear that they do not offer independent financial advice.

Criticism of solicitors' attendance on counsel

By Raymond Hughes

THERE WAS criticism in the green paper about the the requirement for a barrister conducting a court case to be be attended by a solicitor.

It said that *this resulted in* unnecessary double-manning and increased costs.

The need for an advocate to be attended depended on the circumstances.

Therefore, those *paying for* work in court should be allowed to decide whether the advocate presenting the case required the assistance of another lawyer.

There should also be legislation to permit barristers to enter into contractual relations with those who instructed them.

Advocates should be allowed to decide whether they wished to take instructions direct from lay clients *or only from other* professionals.

Retention of the two-tier system of Queen's counsel (QCs) and junior counsel was justified, however, on the grounds that it helped the public to *make* better-informed choices of advocate and assisted the Lord Chancellor in the selection of candidates as High Court judges and for other forms of public service.

In future, all those holding full advocacy certificates will be eligible to be QCs.

Three Equiticorp directors step down from GPG

By Nick Bunker and David Lascelles

TWO Lloyd's of London insurance brokers found themselves at the helm yesterday of the GPG insurance and fund management group after the abrupt departure of all three representatives of its former 61 per cent shareholder, New Zealand-based Equiticorp International.

The news follows Equiticorp's decision to go into liquidation on Friday in New Zealand and the revelation that the UK's Serious Fraud Office is investigating allegations of manipulation of GPG's share price by companies believed to be linked to Equiticorp.

A terse two-paragraph announcement from GPG yesterday said that Mr Grant Adams, GPG's chairman, Mr Ian Gunthorp, managing director, and Mr David Adams, executive director, would "no longer continue in their executive positions with the company" following a board meeting on Monday.

In their place, Mr Geoffrey Knight has become chairman, with Mr Roger Earl and Mr Edwin Stanley as joint managing directors responsible for their UK and US operations respectively. Mr Knight is chairman of Fenchurch Insurance Holdings, GPG's principal subsidiary. Mr Earl, Fenchurch's chief executive, made a name for himself at Lloyd's as the leader of a group of aggressive young insurance brokers who joined Fenchurch in 1979 after defecting from Bland Payne, now part of the Sedgwick Group.

GPG refused to elaborate yesterday on its announcement. Mr Knight was said to be away travelling, while Mr Earl was refusing to speak to reporters. There is mounting speculation, however, that GPG could be broken up, separating Fenchurch from GPG's other main business, Forstmann-Leff, a US-based fund manager.

This almost occurred last year, when GPG had a plan to demerge into three distinct companies, Fenchurch, Forstmann-Leff and Guinness Mahon, the merchant bank. The plan was scrapped last April, however, and only Guinness Mahon was demerged.

Mobile 'phone measures to be unveiled

By Hugo Dixon

LORD YOUNG, the Trade and Industry Secretary, will later today announce a package of measures designed to introduce more competition into the UK's booming mobile communications industry.

Four licences are to be awarded for the operation of a new type of mass-market mobile service, called telepoint. But Lord Young will also announce other measures, both decisions and some controversial suggestions.

Among the decisions, it understood that Racal-Vodafone and Cellnet, Britain's two car telephone operators, will be given more radio frequencies. There have been bitter complaints from car phone users over the past year that they cannot make calls when they want to because the systems are so congested.

Vodafone and Cellnet, a British Telecom subsidiary, have already been given extra frequencies within a six mile radius of Charing Cross station in central London, where there is the worst congestion. It is understood that they will be given those frequencies out to the M25 motorway.

Lord Young's suggestions are expected to contain a number of surprises. One of these is thought to be a proposal to license a third car phone operator, working only around London. Another suggestion could be the auction of parts of the radio spectrum to the highest bidder.

The names of the four successful telepoint licensees have been kept secret because the information is market sensitive. There has been some argument has over whether or not BT should be given one, with opponents to the idea saying that it already dominates telecommunications markets excessively.

The Office of Telecommunications, the industry watchdog, gave its advice to Lord Young on telepoint just before Christmas, but left the question of BT's involvement open. It sent in two separate recommendations, one including BT's name and the other omitting it.

A total of 11 companies or consortiums made applications for telepoint licences. Of these, Ferranti, which pioneered the technology, and Kingline, a joint venture between Kingston Communications and Plessey, are considered the most likely to succeed.

Howe rebukes US for taking 'utopian' view of trade issues

By Robert Mauthner, Diplomatic Correspondent

SIR GEOFFREY HOWE, Foreign Secretary, yesterday chided the US for adopting too "utopian" a position on international trade issues and for failing to understand that some of its own measures might cause concern in Europe and other parts of the world.

Referring to the lack of agreement at the recent Gatt trade talks in Montreal on agricultural reform, Sir Geoffrey said it was, at the moment, "politically unrealistic" to demand a fixed date for the total elimination of trade-distorting farm support.

Such a notion would not be well received in farming areas of the Middle West either, he said in a speech to the American and Canadian Chambers of Commerce in the UK.

Sir Geoffrey considered it ironic that commentators in the US should be criticising the European Community's project for creating a single market by the end of 1992, when Europeans could have some justification for regarding the US omnibus Trade Act as a measure that could restrict their exports.

"The Trade Act has more potential to create a 'fortress USA' than anything in the Single European Act," Sir Geoffrey said. "It's unwise to put others in the doghouse if you are living in a glasshouse."

The Free Trade Agreement between the US and Canada was "a significant liberalising step," which was likely to provide a significant boost to GDP in both countries, just as the completion of the single market in would increase the EC's growth prospects. "I believe the Free Trade Agreement is no more intended to close off the North American market than the completion of the single market in 1992 would the EC," Sir Geoffrey said.

The decision that the Duke of Edinburgh should attend Emperor Hirohito's funeral did not mean Britain had *"forgotten or forgiven"* Japanese atrocities during the Second World War, said Sir Geoffrey Howe.

In the Government's first public comment on the decision to send the Duke, the foreign secretary said the decision was taken because Japan was "an important, democratic member of the free world and an important partner of the UK."

Coal industry warned over electricity sale

By Maurice Samuelson

BRITISH COAL has not yet recognised the full implications to its business the forthcoming privatisation of its main customer, the electricity industry, the Monopolies and Mergers Commission said yesterday.

In an otherwise highly complimentary report on the coal industry's performance in the years since the 1984-85 miners' strike, the commission gave a warning that it was in a time of unique institutional uncertainty, which also included a pledge to privatise coal.

The report also gave a qualified verdict on its main area of inquiry – British Coal's £700m-a-year investment programme. Describing investment and post investment appraisal as generally effective, it expressed specific reservations about the £400m "superpit" at Asfordby, Leicestershire, on which £124m has so far been committed.

It accepted that large sums had already been sunk into the project and that, combined with an agreement on six-day working, it might prove to be a worthwhile investment. But it warned against proceeding with future investments on the basis of conditional approval unless sound financial prospects were evident.

British Coal said it had continued to review Asfordby's economic viability but it welcomed the report's main thrust and promised to study it.

The commission said that, since its last important report on the industry in 1983, British Coal's achievements had been "impressive" by any standards.

It had embarked on a process of "turning an institution into a business," moving from preoccupation with levels of physical output to an emphasis on financial performance.

However, the industry had not added to its strong drive towards cost reduction "a sufficiently bold, imaginative approach to influencing favourably vital aspects of its business future."

The commission had been "surprised by a defensive attitude by British Coal to possible criticism of some aspects of its decisions and operations."

British Coal had "already lost opportunities to consider in detail how it might increase its attractiveness to present and future customers, for example, in its response to the threat of future imports."

Creditors plan ways to recover loans

By David Lascelles and Nick Bunker

THE COLLAPSE of Equiticorp, has left its bank creditors with the arduous task of trying to recover their money.

One part of that task begins in London today when the 28 banks who financed Equiticorp's acquisition of a 61 per cent stake in Guinness Peat, meet to make plans.

Fortunately for them, the likelihood of loss is small. Their loan, which originally amounted to £130m when the acquisition was made in September 1987, has since been reduced to just below £100m, and is secured on the stake – which is now in two parts after last year's demerger of Guinness Mahon from Guinness Peat. On recent stock market valuations, the combined holding is worth about £125m.

The agent for the loan is Samuel Montagu, the merchant banking arm of the Midland Bank group, which advised Equiticorp on the original bid, and put the financing package together.

The collapse of Equiticorp has been an embarrassment for Montagu, which had made a point of developing its clientele among the world's more aggressive entrepreneurs, particularly from Australasia.

Executives there say that at the time of the bid, Equiticorp's standing was high and many merchant banks would have been pleased to count it among their clients. But they also concede that there is a risk in advising fast-growing companies.

The creditor banks have two immediate questions on their agenda. One is to agree on a common position at the annual meeting of Guinness Mahon which falls inconveniently soon: tomorrow. As major shareholders, the banks will have to vote in a new board of directors, and approve a minor restructuring which had been planned some time ago.

But in the longer term, they will also have to devise a strategy to sell their holding. Today's meeting will decide on who should handle it and how. Guinness Mahon has already appointed Schroders to advise it.

The banks' problem is that Equiticorp and its advisers, Citicorp, had been trying for several months to sell the Guinness Mahon stake, without success.

This has prompted some people to surmise that the disposal will be difficult, particularly if the banks ask a high price. There has also been talk of a management buy-out.

Mr Geoffrey Bell, Guinness Mahon's chairman, argues that circumstances have changed so radically with Equiticorp's demise that buyers should show greater interest.

Where Equiticorp was touting the stake around itself, the new sellers will do so with the active support of Guinness Mahon. "It's got to be a joint effort," he said.

Guinness Mahon has only a brief track record as an independent entity. In the year of its demerger, it earned £5.2m after tax and had a net asset value of about £88.5m.

The bulk of its earnings came from merchant banking where it specialises in local authority syndications, property and film finance, asset-based financing and private banking.

Guinness Peat, now called GPG, is an assortment of businesses – the remnants of the diversified financial services group which was built up by Mr Alastair Morton, its previous chief executive. In its most recent financial year, it earned a net profit of £23.4m.

It consists of Fenchurch, a Lloyd's insurance broker, Forstmann-Leff, a New York-based funds manager, and two other smaller financial services companies in the US.

There is also a large pile of cash from the recent sale of its stake in GPA, the world's largest aircraft leasing company.

Much of the internal logic of the group has been dissipated by the demerger and the demise of Equiticorp. It would seem likely, therefore, to expect a break-up to be among the options that lie before it.

If so, the main question-mark would hang over the future of its subsidiary Fenchurch Insurance Holdings, an insurance broker with 1987 turnover of £18m, heavily oriented towards the Lloyd's of London marine, aviation and reinsurance markets.

Founded in 1962, Fenchurch was originally a subsidiary of Lewis & Peat, the commodities broker, until it was absorbed into the Guinness Peat empire a decade later.

It established a reputation in the late 1970s as an aggressive player at Lloyd's, particularly after the arrival of Mr Roger Earl, now GPG's joint managing director. Mr Earl achieved a degree of fame in 1980 by arranging insurance at Lloyd's for the Three Mile Island US nuclear reactor after the notorious accident there in 1979.

The problem could be finding a buyer, or a merger partner, at a time when Lloyd's insurance brokers are struggling with plummeting premium rates and the weakness of the US dollar, the currency for most of their business.

Only 18 months ago, Fenchurch conducted abortive merger talks with one Lloyd's broker, Hogg Robinson & Gardner Mountain, and there is no other immediately obvious partner, given that the 1980s wave of takeovers of UK brokers by large US houses has almost entirely subsided.

This explains why most speculation focuses on a management buy-out of Fenchurch.

Mr Earl was resolutely refusing to talk to reporters yesterday, but one recent precedent for such a move was last April's management buy-out of another small Lloyd's broker, Lowndes Lambert.

Alastair Muir

Phyllis Cannan and Monte Jaffe

Lear

COLISEUM

Aribert Reimann's *Lear*, which received a first British production from English National Opera on Tuesday, more than 10 years after its première, is not the first opera on Shakespeare's play. Minor composers with unfamiliar names like Cagnoni, Frazzi, and Alberto Ghislanzoni (to name only three) made the attempt first. All are forgotten; what most operagoers remember instead is that *Re Lear* was a lifelong obsession and an unrealised project of Verdi's; and what many operagoers may recall is that Benjamin Britten's long-planned *King Lear* also failed to materialise.

The link between Britten and Reimann was Dietrich Fischer-Dieskau. He was to have been Britten's Lear, but when it became clear that the opera was never to come into existence, the great baritone set about persuading Reimann (a notable Lieder pianist with whom he had often sung, as well as composer whose works he had sung) to embark on the tremendous task. In the first production (1978, Munich) Fischer-Dieskau was indeed Lear; since then the opera has gone the rounds of European theatres and beyond, and has been recorded.

I first encountered *Lear* in its second staging, in Düsseldorf a few months after the first. I was in little doubt then – and with the passage of time am even less in doubt now – that after its period of vogue it will come to rest alongside the *Lear* operas of Cagnoni et al; for it is a monumental falling-short of an admittedly monumental task, an opera nasty, brutish, and long, musically almost entirely barren, and dramatically redundant.

As the work proclaims its relation to the play, there is some justification for examining it in that context. Claus H. Henneberg, the adaptor, condensed the drama, trimming some scenes and telescoping others, using (in German) a translation that is for the most part direct but often with curious glosses on or dilutions of the original. It is sung here in Desmond Clayton's English, a brave but not entirely comfortable mixture of back-translated Shakespeare and modern English – when reviewing the San Francisco *Lear* Andrew Porter called it, cruelly but exactly, "pidgin Shakespeare."

In general it is a workable treatment of a formidably complex play; in any case, any operatic approach to Shakespeare must inevitably face hard choices, and ideally the music will justify the various decisions, and render them natural in the language of music-drama. But when the music is as banal, as limited in its range as Reimann's, one begins to resent the very idea of any such approach, since the result has been to reduce the emotional, political, and psychological profundity of *King Lear* to a drama of sterile cruelty virtually unrelieved.

This is indeed, the most prominent recent example of the 20th-century *Schreckensoper*, an arid if efficient and superficially forceful amalgam of serial and post-serial musical devices (endlessly repetitive use of semitonal and microtonal clusters, unbarred vocal notation over ostinatos or else jagged voice-parts in splayed time-patterns against braying, percussion-dominated orchestral sonorities, and so on). Reimann's musical language is suited only to the Theatre of Cruelty aspects of the play. It pens the entire mighty dramatic progression, the terrifying but also endlessly compassionate examinations of nature and Nature, into a spectacle of punk perversity and gratuitous violence.

It must be one of the loudest works ever produced for the lyric stage. Great slabs of *fff* sound assault the ears, in scene after scene – the shock-impact of volume is used up well before the storm. When the aural battering temporarily ceases – as in the Edgar-as-Poor-Tom introduction – one notices how dry and uninspired the vocal writing invariably is; "lyrical" characters sing with hardly less angularity than others. The disposition of voice-types according to characterisation is fastidious (Edgar, a tenor, reaches into the countertenor stratosphere as Tom; the three daughters are three types of soprano; the Fool is distinguished from the madmen by his predominantly spoken lines).

It is, however, a superficial kind of characterisation. There seems at root only one kind of musico-dramatic activity in *Lear* – construction by piling-up and contrast. It is, as I've said, efficiently done, as a kind of 1960s tower-block operatic construction, all concrete slabs and squares. But *King Lear* the play in all its fullness is simply too broad, too various to submit without protest to treatment of this kind.

These are harsh words. One charitable view of the ENO decision to put on *Lear* could be that London needs, however late in the day, to see and hear what has been *à la mode* elsewhere in Europe. For myself, I think the decision a mistake, and a waste of precious resources (especially when earlier in the same season they were squandered on Philip Glass, and when one thinks of all the other, musically more substantial 20th-century operas ahead in the queue).

One undeniable point in the company's favour is that under Paul Daniel's baton it is performing and playing *Lear* with spellbinding brilliance. On the part of every performer there is evidence of total commitment, and the production, by the German Eike Gramss (first shown at Krefeld three years ago), combines bare-boards simplicity and stark, fluid theatricality – the presentation of the brass groups in curtained tiers on either side of the stage carries its own theatrical vividness, as does the emblematic use of curtains.

The American baritone Monte Jaffe (also from the Krefeld *Lear*) makes his London debut in the title role: he is never moving, since the music will not allow him to be, but he is masterly in every detail of vocal and physical movement. There are quite marvellous contributions from Christopher Robson (Edgar), Alan Woodrow (the heroic-tenor Edmund), Phyllis Cannan (Goneril), Eric Shilling (Fool), Rodney Macann (Gloucester), and Nigel Douglas (Kent) at the head of a uniformly impressive cast. For them alone this *Lear* scrapes a recommendation.

Max Loppert

CINEMA

Bombay's seedy glamour steals the show

SALAAM BOMBAY
Mira Nair

GORILLAS IN THE MIST
Michael Apted

PHANTASM 2
Don Coscarelli

HEART OF MIDNIGHT
Matthew Chapman

Shafiq Syed and Chanda Sharma in "Salaam Bombay"

Mira Nair's *Salaam Bombay* reminded me of one of those "date with a celebrity" newspaper competitions. "Describe in fifty words the appeal of a famous city and you can win a romantic weekend with Kylie Minogue in Canberra or Roger Moore in Rawalpindi."

This Indian movie, which won the Camera d'Or at Cannes for best first film, is like two hours in Bombay with Charles Dickens and/or Vittorio de Sica. Much of the praise lavished on the film is deserved. De Sica-like, Miss Nair has spurned movie studios – an act of unheard-of nerve in India – to take her camera out onto real streets, capturing Bombay's colour, vitality and resemblance to a gigantic accident of nature. The streets teem with life, the gutters teem with the poor or dying, and the buildings look like giant collapsed typewriters. Fluttering worn ribbons of grandeur from every opening, they sit in neglected nobility, waiting for someone to reclaim them by punching out a message or a meaning.

Miss Nair punches away at the city with all fingers, but the letter she keeps hitting is S for sentimentality. Our hero is a 10-year-old ex-circus boy (Shafiq Syed) who comes to Bombay to live off his wits. From tea-selling, errand-running and petty theft, he hopes to earn enough rupees to return to his native village. In the meantime, this Oliver Twist of the East meets a series of characters sketched so-generically they could be on loan from a Victorian novel or melodrama: the wicked pimp, the artful drug-dealer, the innocent rose pushed into prostitution, the Smike-like "idiot" boy he befriends in a juvenile prison.

As played by Master Syed, the hero is perhaps the most generalised of all. Resembling a street-urchin Sabu, he has the martyred, impassive beauty of feature that will have every maternal heart in the audience sniffling away and reaching for its kleenex.

In short, whenever we are thrown on the mercies of the characterisation, *Salaam Bombay* is a collage of stereotypes. What saves the film is its fresco of a city. Bombay is the grandest, and most grandly chaotic, circus a boy could ever work in. Mira Nair captures its seedy glamour, from the tea-stalls to the street fairs, from the make-believe of movie marquees to the hard reality of the slums, from the sari'd sirens leaning from the brothel balconies to the street children's "home" on a pavement by the railway station. Whenever it moves from close-up into long shot, *Salaam Bombay* is magnificent. It gives us a portrait of a city that dwarfs – in every possible sense – the individual characters peopling it.

*

Gorillas in The Mist is the latest spawn of Hollywood's long-running love affair with our ancestors. If *King Kong* was the mythical high point of that romance, my personal favourite was *Gorilla At Large* (1954). This was the 3D extravaganza in which Anne Bancroft and the audience were menaced by an escaped hearth-rug making strange growling noises. The film helped to begin the 3D craze and probably helped to end it. Filmgoers decided – capricious beasts – that they had no wish to don special migraine-inducing glasses in order to have ape-suited stuntmen pawing at their popcorn.

No such unseemly matters in *Gorillas In The Mist*, which deftly hi-jacks the life story – and death story – of American anthropologist Dian Fossey. Miss F spent 18 years living among the mountain gorillas in central Africa. She was mysteriously murdered in 1985 and probably owes both her fame and final fate to her determination to stop poachers and preserve the species.

Enter director Michael Apted (of *Coal Miner's Daughter*) and star Sigourney Weaver. Moving smartly up the foothills to establish base-camp at Plausibility Ledge – Miss Weaver is always good as a guerrilla fighter, whether tackling interstellar aliens or terrestrial apes – they then move on to Tragicomedy Peak. The movie's finest scenes are its later ones, when we wonder if the battered, fanatical, raging Miss W – railing at politicos, torching poachers' huts or mock-lynching her enemies – is not "going ape" herself.

It is to the credit of Apted, Weaver and screenwriter Anna Hamilton Phelan that they have the courage to de-glamorise their heroine. The film has moments of soft-centredness: a "love interest" between Weaver and National Geographic photographer Bryan Brown, several scenes too many of Weaver sporting with the gorillas. (At times her contribution to natural science seems to have been confined to posing in "wish you were here" shots with cuddly primates). But when the going gets tough, so does its heroine. The film, gleamingly shot by Australian cameraman John Seale, is better than one had hoped and far better than one might have feared.

*

The week's two horror films are of a connoisseur nuttiness. Don Coscarelli's *Phantasm 2* is the sequel to a 10-year-old movie I never saw, by the same writer-director. Piecing together clues from this complex follow-up, I assume the plot ran roughly as follows. Mad white-haired undertaker runs private hit squad of midgets dressed in monks' cowls and performs lethal blood transfusions on young people he first immobilises with flying silver balls which batten onto their foreheads and send drills through their brains.

This sinister gent (Angus Scrimm), known simply as the "Tall Man," is at it again here. He also empties graveyards of their corpses – why I could not ascertain – and has a long wormy thing that wriggles out of his head at moments of extreme tension. I would say that he is suffering from executive stress, one of the banes of our age. (It can be alleviated by removing the socks and wiggling the toes in a clockwise direction). However, even allowing for this diagnosis, I cannot condone the Tall Man's treatment of the three principals, young Mike and Liz and their balding pal Reggie. They end up, much like the audience, gasping and hollering and wondering whatever will be thrown at them next.

In *Heart Of Midnight* young Carol (Jennifer Jason Leigh) inherits a nightclub from her eccentric Uncle Fletcher and explores its sinister history and geography. First floor, brothel: second floor, lingerie and brothel: *third floor*, evidence of snuff film-making and brothel: and so on.

British writer-director Matthew Chapman, who made the high-style, low-cost thriller *Strangers Kiss*, here behaves as if he has just overdosed on Polanski's *Repulsion*. From his film's same-name heroine to its penchant for rotting foodstuffs to its gathering climate of sexual hysteria and homicidal mania, we are deep into clone territory. The only difference: Polanski did it first and did it better.

*

This last week saw the deaths of two men who also "did it first." Only the obituary columns could have made bedfellows of Leslie Halliwell and Salvador Dali: one a painstaking compiler, the other a madcap surrealist. Halliwell's *Filmgoer's Companion* was the first movie encyclopaedia that managed to be both exhaustive and un-exhausting. Its judgments were neat and sensible and its information was so vast it could have circled the world. For anyone working in or around the film industry, "Look it up in Leslie Halliwell" became a phrase as familiar as "Here's looking at you, kid" or "Tomorrow is another day."

If Halliwell tried to order our existence on Planet Cinema, Dali set out devoutly to disorder it. His great collaborations with Bunuel in the late 1920s, *Un Chien Andalou* and *L'Age d'Or*, held movie imagery upside down and tumbled it into the world of dreams. Dead donkeys could lie on grand pianos, ants could crawl from the palm of a man's hand, a cloud slicing the moon could make visual rhyme with a razor slicing an eyeball. In Dali and Bunuel's world, the macabre and the lyrical lay down together. Nothing was forbidden, everything was possible, and the cinema began to show signs it could grow up and become an adult.

Nigel Andrews

More Shostakovich

FESTIVAL HALL

On Tuesday it was again the turn of Vladimir Ashkenazy and the Royal Philharmonic to carry the Shostakovich torch (sponsored by Weatherall, Green and Smith). Their shortish programme was straightforward and sufficient: the cheerful little Ninth Symphony, and the large, emotionally complicated Fifth. Shostakovich wrote hardly any short orchestral pieces, so fillers have been in short supply for the concerts in this "Music from the Flames" series.

The Ninth Symphony caused puzzlement and disappointment at its première; Stalin and a lot of other people had been rather counting on something like a Soviet Beethoven Ninth by way of victory celebration, and this patently wasn't it. It remains puzzling: in Volkov's book *Testimony* the composer is reported as explaining very clearly why he could never have produced a "victory symphony" to order, but why his actual Ninth turned out as it did is still mysterious.

Shostakovich managed to run it to a just-acceptable length, without stuffing and in a witty, characteristic vein that discloses no barbed ironies or coded messages. Yet if his heart hadn't been in the labour, one would expect the symphony to be much worse. In fact it is crisp and moderately inventive, with good jokes. There seems no other way to take it than at face value, which is what Ashkenazy did. Lively tempi, bracing directness, excellent players in the prominent solo turns, a few acerbic emphases in the right places.

The Fifth Symphony is another matter. Nobody should have needed Volkov's revelations to perceive the painful ambiguities in this feeling-laden music – there are many more ways of playing the Fifth than the Ninth, and yet I think its forebodings and near-desperation are unmistakable in any performance.

The RPO's had a sharp communicative edge, and a certain asperity. Ashkenazy kept the slow music lean and stern, sometimes almost over-pointed, as if to avoid gloomy luxury at all costs. Conversely, the quicker music hit racing speeds only at theatrical junctures, and was otherwise kept rather deliberate and un-brilliant – to severely impressive purpose.

David Murray

The Vinegar Works

ALMEIDA THEATRE

The first attempt to accommodate the cultish neo-Gothic illustrator Edward Gorey in the theatre was a sadly tentative Broadway *Dracula* ten years ago. Now, the centre-piece of the current London Mime Festival is a gloriously imaginative, weird and compelling adaptation by dereck, dereck Productions of *The Vinegar Works*, a collective title for three tales of moral instruction.

As far as Gorey goes, instruction is irrelevant, and I am surprised to see the designer directors Julia Bardsley and Phelim McDermott invoking Hilaire Belloc's *Cautionary Tales*. Gorey's stories are in fact amoral, black and disturbing. In their admixture of casual zaniness and Gothic excess they form a modern marriage of Edward Lear and Mervyn Peake.

The fun here is to see the precise visual world recreated, with its manneristic oddness related to new theatrical methods. It is mightily significant, too, that a pair of our most distinguished classical actresses, Rosalind Knight and Sian Thomas, are fully involved in these strange and deadly shenanigans.

But first we have *The Gashleycrumb Tinies*, a litanical alphabet of dead children, a poisoned list of Mabel Lucie Attwell defectives. "E is for Earnest who choked on a peach, F is for Fanny sucked dry by a leech." Black-eyed and red-mouthed, 30 kids form up in sinister enactments of disaster at sea and bad table manners, all skilfully devoted to getting their names on stone. Reverting to Gorey book style, tombs pop up through the floorboards like shark's fins.

The adult actors pay processional tribute with a lone balloon, sharply punctured by the looming, satanic skull on stilts. "Q is for Quentin who sank in a mire, R is for Rhoda who perished in fire."

The lost child theme continues in *The Insect God*, in which a theatrical family mourn a a dead infant by a river. The aesthetic challenge here is posed by the treatment of an infanticide tragedy in the mock heroic vein of amateur theatrics.

Engraved backcloths fly precariously in and out of a model theatre structure. Expressions of grief are unrelated to hard information. Odd gesticulation is a weapon of both artistic indulgence and of corporate turmoil. Lamentation is most emphatically prolonged when a backdrop gets stuck, relief most pronounced when the "performance" is over.

Alastair Muir

Sian Thomas in "The Insect God"

What happens in the third leg, *The West Wing*, is a trade-off in the new theatre language department for visual statement both more starkly artificial and more soggily avant-garde. Themes of Wagnerian death wish and Schubert's hymn to music jostle plaintively with the insistent repetition of John Winfield's synthesized melodic patterns.

A house is evacuated, desolation ensues. A face at a window, fleeting bewigged visions of the good time, paper unpeels itself from the walls, the room caves in, the astonishing white paper costumes rustle. You suddenly realise this is the last act of *The Cherry Orchard* made really interesting.

This remarkable evening is fired by a response to an individual artist of significance. But it also embraces a will to enlarge the language of theatre that is thrilling to behold and essential to absorb.

Talk of new forms, cross-disciplinary activity, new dance, interpretation . . . all this must now be referred to dereck, dereck and this unusual, unprecedented entertainment.

Michael Coveney

ARTS GUIDE

January 20-26

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. This is an exceptionally thorough study of the earlier phases, clearly setting out the several developments of Futurism, Metaphysical Painting, Realism and Abstraction, but is rather more cursory and helter-skelter in bringing the story up to date. Daily until April 9, except Good Friday; sponsors Alitalia and Fiat.

The Whitechapel Art Gallery. A major exhibition of the sculpture made in the past two years by Richard Deacon, the young winner of the Turner Prize in 1987. Also an installation by the painter, Kate Whiteford (daily except Mondays until Jan 22).

Paris

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from the United States, the Soviet Union, *Japan and Czechoslovakia*, together with those in French possession, form the first great retrospective since 1949 of the legendary *peintre maudit*. January 14 until April 24, closed Tue; late closing night Wed (42 96 58 30).

Galerie Odermatt-Cazeau. Camille Claudel 1864-1943. The sculptor, a disciple and lover of Rodin, whose tragic life, ending with 30 years in a mental asylum, inspired a book and now a film, is the subject of an important exhibition. There are 14 of her works, mostly bronzes, and seven bronzes by Rodin, including two portraits of Camille herself. 85 Bis, Rue du Fbg. Saint-Honoré (42 66 92 58). Closed Sundays. *Ends Jan 31.*

Brussels

Musee Bellevue. Les Flacons de la Seduction. The art of perfumery in the 18th century. 7 Place des Palais. Ends Feb 19.

Palais Des Beaux-Arts. 34th Belgian Antiques fair organised by 48 Belgian collectors and dealers. This year's theme is "the unexpected" – l'objet imprevu. Opens Mon. Ends February 12. 513 4831.

The Hague

Mauritshuis. These 36 "Paintings from England" lay at the heart of a diplomatic wrangle after the death of "Dutch" King William in 1702, when Queen Anne peremptorily demanded their return from William's Dutch hunting lodge as being the property of the English crown. Of mixed quality, but including three superb Holbeins and Gerard Dou's serenely domestic *Young Mother. Ends Jan 28.*

Berlin

Brucke Museum. Emil Nolde (1867-1956). The exhibition concentrates on Nolde's most creative period in Berlin in 1910-1911. There are about 125 pictures, aquarelles, lithographs and etchings. Bussardsteig 9. Ends Feb 5.

Braunschweig

Braunschweig, Herzog Anton Ulrich-Museum. European Baroque Painting. As a gesture of reconciliation, 65 17th and 18th Century paintings from the Warsaw National Museum are exhibited in Braunschweig, 50 years after the German invasion of Poland. They can be seen until Jan 29, and afterwards go to Utrecht, Cologne and Munich.

Vienna

Kunstlerhaus. The Soviets are becoming more relaxed about exhibiting their treasures abroad. The latest to hit the West is a collection from Leningrad's Hermitage which is devoted to Scythian Gold, the golden artifacts of the Scythians, a nomadic people who once ruled over a large area north of the Black Sea. The 170 exhibits – ranging from gold-embroidered clothings, earrings and tableware – were found in the ritual grave mounds of the Scythian kings. Ends February 26.

Kunsthistoriches Museum. Prague 1600 – A marvellous exhibition looking at the court of Rudolf 11, the great patron, not only of the arts but also the sciences. He kept Johannes Kepler, the astronomer from near starvation, and made Prague a centre of learning and culture. Ends Feb 26.

Museum der 20 Jahrhunderts, Klassische Moderne, a collection of the Museum's contemporary art. Ends March 7.

Museum der 20 Jahrhunderts. Klassische Moderne – a collection of the Museum's contemporary art. Ends March 7 1989.

Rome

Palazzo dei Conservatori (Campidoglio). Glass of the Caesars. Queues are stretching right across Michelangelo's Piazza, waiting patiently for a glimpse of the immensely sophisticated ornamental glass and tableware belonging to the imperial Roman court. Until Jan 31.

Galleria Nazionale d'arte Moderna. Witty conceptual art by one of the best of the middle generation of Italian artists, Giulio Paolini, born in Genoa in 1940. Until Feb 26

New York

Metropolitan Museum of Art. More than 100 works by south-west American artist Georgia O'Keeffe covers the range of her career, focusing on her influential abstracts, flower paintings and stark desert landscapes. Half of the works are from the estate of the artist, who died in 1986. Ends Feb 5

Chicago

Art Institute. Dante Gabriel Rossetti, J.E. Millais, Edward Burne-Jones and Simeon Solomon take centre stage for this British *drawings show, called "From* the Ridiculous to the Sublime," which covers a century from Thomas Rowlandson's satires through Turner and Lear to the pre-Raphaelites. Ends March.

Tokyo

Suntory Museum. Fabrics from Okinawa. Japan's southernmost island chain preserved until recently its own unique culture, influenced more by China than Japan. This exhibition features beautiful dyed textiles made by a technique called 'bingata' (red stencil dyeing), as well as woven fabrics in indigo and other dyes. *There is also a small selection* of Okinawan lacquerware. Closed Mondays.

Idemitsu Museum. Ukiyoe Paintings. Closed Mondays.

Teien Museum. Paintings by Leonard Fujita. Fujita (1886-1968) was one of the first Japanese artists to live and work in France and his arrival in Paris in 1913 coincided with the first flowering of modernism. This representative selection of 40 oil paintings is drawn from all periods of his long career. Closed Mondays.

Striped House Museum. Exhibition of paintings by Kiyoshi Koizumi, third son of the late 19th century writer, Lafcadio Hearn, who became a naturalised Japanese citizen. Koizumi's life and work were inevitably torn between eastern and western influences, although his best paintings were influenced mainly by Fauvism.

Cyanamid re-cycled waste exhaust gases and their annual fuel consumption went down by 72%.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
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Thursday January 26 1989

Bold reforms in the law

THE THREE GREEN papers published yesterday on the legal profession and legal services in the UK exceed all expectations. The legislative intentions outlined in these documents would, if implemented, revolutionise the UK system of legal services, and move it from an international laggard to one of the most advanced systems, capable of adjusting to social and economic change, and to the process of European integration which is now under way.

The proposals would keep intact the facade of the legal profession but would thoroughly reconstruct the structure behind it. There would still be barristers and solicitors, but both branches of the profession, and some others as well, would be allowed to practice advocacy in lower, higher, civil or criminal courts, according to their specialisation and experience. The proposed change in the career structure of judges is a logical consequence of such an opening—up of advocacy to those who are best qualified. Judges of lower courts, now increasingly appointed also from the ranks of solicitors, would be available for promotion to the High Court and beyond.

Guiding principle

The guiding principle of the proposed reform is to bring competition to bear on the provision of legal services, not only within the legal profession, but also between lawyers and other qualified people. There would be more room in this scheme of things for advisory services and for other professions which would qualify for advocacy in their particular field.

Hand in hand with this goes the proposed removal of the statutory barrier to interdisciplinary partnerships among solicitors, and the possible creation of partnerships for barristers who would in future be able to receive briefs from all comers rather than only through solicitors. These changes would not only improve the efficiency and economy of legal services in the UK, but would also provide the flexibility required to give the UK legal profession a greater role in an integrated European market.

Along with competition would go a wide-ranging degree of specialisation, both horizontal and vertical in character. There would be several new professional bodies of lawyers concentrating in various departments of law, providing specialised education for their members and establishing codes of conduct. Advocates would be able to qualify first for lower courts and, after some years experience, also for higher courts. They could be generalists, or specialise in civil or criminal court work.

The specialisation of lawyers is already fairly advanced in the City of London. The hope would be that the pressure of competition would oblige lawyers countrywide to branch out into departments where they could best deploy their talents and serve the needs of clients. With this goes the proposed authorisation of banks and building societies to provide conveyancing services to their borrowers.

Law ombudsman

The third plank of the green paper proposals provides a statutory basis for the professional codes of conduct, as well as their supervision by a new advisory committee on Legal education and conduct. An ombudsman would be created with powers to investigate clients' complaints and recommend compensation not only for professional misconduct, but also for lawyers' negligence. All these measures are long overdue.

The green papers envisage the adoption of the Scottish "no win, no fee system" in England and Wales. This is a cautious and welcome move towards the contingent fee system, which in its US form relates fees directly to awards. The proposal does not go that far, and fears that it would lead to the excesses perceived in the US system are unfounded.

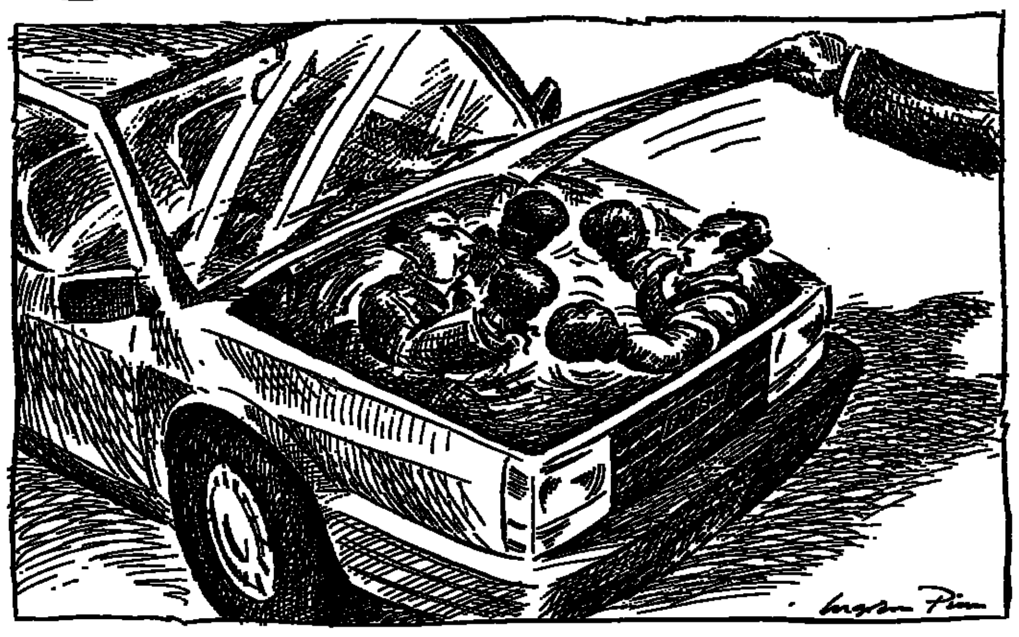
The consultation period is brief for proposals of such a radical nature and the Lord Chancellor intends to have legislation ready for introduction after the summer recess of parliament. His reforms will be welcomed by the business community and by a part, at least, of the legal profession.

The Law Society has already expressed its satisfaction. The Bar, as could be expected, is up in arms, and this means that the legislation will have a rough ride through parliament with its great contingent of barristers and its crowded programme. The Lord Chancellor is going to need all his considerable skills, and the full backing of the Government.

Competition is likely to eliminate some inefficient lawyers but, in the long run, provide greater opportunities for the rest. More law business will be undertaken more effectively, bringing greater rewards to the profession and benefits to the community as a whole.

John Wyles on the background to Fiat's struggle with the unions

Management muscle



In prospect, it was not an encounter likely to leave much of an imprint on the fabric of Italian industrial relations. Nevertheless, the aftermath of the meeting in November between a technician at Fiat's Alfa-Lancia plant near Milan and his director of personnel has so embarrassed Fiat Auto and its trade unions that all have been left wondering how long they can continue with a relationship built largely on political enmity and mutual distrust.

For when Mr Walter Molinaro, a mild-mannered, bookish 33-year-old Communist, walked out of Mr Emmanuele Mazza's office at Alfa-Lancia, he felt, in his own words, that he had been "insulted" by a "vulgar" offer of promotion in return for surrendering his union membership. Once he had seen Mr Molinaro's version in the newspapers, Mr Mazza felt that it was so untrue that he had to file a court action in his own defence.

The facts of the "caso Molinaro" are, therefore, in dispute, but it offers, none the less, an unflattering photograph of industrial relations inside Italy's largest private sector company and has encouraged several hundred other workers at the former Alfa Romeo plant and elsewhere in Fiat Auto to make similar complaints of management pressures to leave trade unions.

The controversy has been more than enough to fan the embers of conflict between Fiat and the left. Mr Achille Occhetto, the new leader of the Italian Communist Party, leaped to the defence of Mr Molinaro, the secretary of his party's 600-strong Ho Chi Minh branch at Alfa, and of other allegedly aggrieved workers by promising a campaign in defence of "democratic rights" inside Italy's factories.

The Government, anxious not to be outflanked to its left, despatched Labour Ministry investigators in search of anti-union behaviour in Fiat's 30 car plants, while the unions, as ever badly divided over how to deal with Fiat, are demanding a new system of industrial relations without being quite sure what they mean.

Fiat says that since Mr Mazza has chosen to go to court to defend his version, the company cannot sit down with Mr Molinaro. All allegations of anti-union behaviour have so far been roundly denied, but faced with the Minister of Labour's report that some management actions in some plants have "tended to reduce trade union power," Fiat says it is ready to "examine" any mistakes which are clearly proved. The company regards as near total absolution the Minister's general conclusion that it has no strategic anti-union design.

"The point is that Fiat has a culture which believes that the production of cars cannot be done with an organised workforce," is a claim which, coming as it does from Mr Eugenio Cazzaniga of the Milan metalworkers section of the CISL union, might be expected to be strongly challenged by the company. And to some extent it is, since Fiat knows that it is operating in a country where the right to union membership is guaranteed by the constitution and anti-union discrimination is forbidden by law.

But Fiat has traditionally demonstrated a preference for a weak union movement and a relatively unorganised workforce. It had both through much of the 1950s and 1960s and then lost control of some of its key factories in the late 1970s when militant trade unionism ruled in Italy.

The impact of these latter years on the company's management, and particularly on Mr Cesare Romiti, managing director of both the group and of Fiat Auto, should never be underestimated. When Fiat finally broke the power of its shop-floor militants after a five-week strike in 1980 and went on to capitalise on the union movement's general decline through internal divisions and economic recession, it established an autonomous power of decision-making for its management which may be unequalled among companies of its size elsewhere in Europe.

It was helped by a number of factors, not least a slide in union membership to little more than 20 per cent of its industrial workers and by the inability of the three national confederations, the CGIL, the CISL and UIL, to put together any kind of common negotiating position on pay rates and virtually anything else concerning Fiat. The first company pay deal at Fiat Auto in nine years was struck only last July and even then, the largest of the union confederations, the Communist-dominated CGIL, refused to sign – which confirmed Mr Maurizio Magnabosco, Fiat Auto's head of industrial relations, in his view that "the unions are a scarcely reliable interlocutor."

This agreement, struck at national level, created machinery for a management-union dialogue by setting up a number of standing joint committees to discuss issues such as canteen operations and the staggering of holidays.

But Fiat has little intention of allowing such machinery to become a platform for the renaissance of plant-level trade unionism. That would undo the work of nearly a decade in isolating what little factory leadership exists and for which, as far as its key Turin plants are concerned, Fiat has little regard. "The leadership in the factories has not changed much in the past 10 years and is still locked in the conflictual attitudes of the 1970s," says Mr Magnabosco.

In pursuit of maximum productivity and the broadest possible freedom for management to manage, Fiat has widened differentials between skilled and unskilled workers and created a cadre of well-paid foremen to ensure discipline at the workplace. Skills and professional performances at all levels, including the assembly lines, have been rewarded through merit payment systems. Welfare provisions, meanwhile, are such that Mr Sandro Venturoli, of the UIL metalworkers in Milan, explains union weakness within the factories as due to "a life-support system like the Japanese companies have, with some help available from the cradle to the grave."

When Fiat acquired the former Alfa Romeo plants at Arese near Milan and Pomigliano D'Arco near Naples at the beginning of 1987, many observers expected some kind of confrontation, particularly at Arese. There have been difficulties, but none more than might have been expected in applying the management-union agreement reached in the early summer of 1987. This brought working practices into line with Fiat's other car production plants in return for significant pay rises.

The principal sacrifice made by the Arese workers was the abandonment of production groups which had permitted assembly line workers to vary their functions and thus avoid repetitive tasks. Fiat's subsequent achievement at Arese has been a significant increase in output to the extent that 2,000 Arese workers are no longer laid off and a further 700 have been hired.

Meanwhile, union membership at the plant has been falling rapidly, from 50 per cent of the workforce before Fiat took over to 40 per cent at the end of last year. Whereas 180 foremen were union members in 1986, no more than 10 are now. Mr Riccardo Contardi, a CGIL representative on the workers' committee at Arese, claims that every technique has been used to diminish the union presence, principally a discriminatory use of merit payments, but also through the allocation of unpopular jobs to union members and offers of employment to their children, providing the father quits the union.

Fiat points to the fact that union membership at Arese had already tumbled from 63 per cent to 50 per cent before it took over, in line with a national trend which may have left the three confederations representing little more than 32 per cent of the active Italian workforce. But what about the 6,000 signatures out of the 11,500 workforce at Arese which have been appended to a petition of complaint against Fiat and sent on to Italy's President, Mr Francesco Cossiga? "I see the signatures as revealing the difficulty of dialogue," says Mr Magnabosco.

Encouraged by Mr Rino Formica, the Minister of Labour, Fiat and its unions have agreed to meet at national level to see how relations might be improved. Mr Molinaro says Fiat needs a more articulated industrial relations structure "because there is a new generation of young workers coming into the factories which is not disposed to be blindly obedient." This is one point on which he and Mr Magnabosco can agree. But it looks very much as if the pace and type of changes will be decided by Fiat because the unions have neither the bargaining muscle nor the internal unity for it to be otherwise.

BOOK REVIEW

Platoons for happiness

IN PURSUIT OF HAPPINESS AND GOOD GOVERNMENT
By Charles Murray
Simon and Schuster, New York, $19.95

This is a provocative book which anybody interested in social policy (or political economy) ought to read. The fact that the penultimate chapter is entitled "Little Platoons" should whet British appetites: Mr Douglas Hurd, the Home Secretary, has recently urged all of us to become "active citizens". One way to become active is to join a platoon of local do-gooders.

Charles Murray's latest book is a natural successor to Losing Ground, his trenchant critique of "liberal" social policies (Basic Books, 1984). This argued, among other things, for the abolition of all federal welfare benefits except unemployment insurance. It ended by predicting that when "reforms finally occur, they will happen not because stingy people have won, but because generous people have stopped kidding themselves."

Pursuit of Happiness is a further, spirited attempt to persuade the generous that public sector welfare programmes do more harm than good. And not just economic harm: Mr Murray believes that conventional social policies should also be scrapped on moral grounds – not because they make unreasonable demands on the better off, but because they encourage the poor to behave in ways that destroy their futures.

Mr Murray thinks the US has lost sight of the purpose of government policy. The aim should not be (say) to raise gross national product or reduce inequality but, quite simply, to help individuals "pursue happiness". The idea is not quite as silly as it sounds. By happiness, Mr Murray is referring not to shallow pleasures, but to something akin to Aristotle's concept of an ultimate good-in-itself. His working (and inevitably flawed) definition of happiness is "lasting and justified satisfaction with one's life as a whole."

The question for social policy is how to enable individuals to achieve this state of bliss. The word "enable" is carefully chosen: governments, says Mr Murray, cannot make people happy, but they can help create the right conditions for happiness. He draws a parallel with the job of a park ranger responsible for maintaining a hiking trail in a wilderness. The ranger has to keep the paths open, which may require a few guard rails at dangerous spots. But if he does too much, he will ruin the enjoyment of the hikers, whose pleasure results in large measure from overcoming the challenges of the wilderness.

In setting out the minimum conditions for happiness, the author appeals to the "needs hierarchy" established by the psychologist Abraham Maslow. The ranking runs roughly as follows: food and shelter, security from external threats, self-esteem and self-respect, and "self-actualisation" – meaning fulfilment of one's potential. Happiness results only if all these conditions are met. Money is thus of limited importance because it cannot buy self-respect or self-actualisation.

Mr Murray argues that conventional social policies concentrate almost exclusively on meeting the first condition – adequate material resources – and in doing so undermine other necessary conditions for happiness: income support, for example, reduces people's self-respect and the likelihood that they will realise their potential. The book's uncompromising message is that the only way to gain self-respect is to accept responsibility for one's own life, and that entails "earning one's own way in the world." Giving money to people for doing nothing guarantees long-term unhappiness.

The small platoons enter the picture as crucial mechanisms by which average and below average citizens can gain lasting satisfaction. Consider the hard-working baggage handler, says Mr Murray. He is not bright, well co-ordinated, musical, witty or handsome: he will get no special recognition at work. How then will he be able to look back in old age on a "happy life, filled with deep and justified satisfactions"?

The only plausible way, says Mr Murray, is by being a productive member of a small local platoon – by being, in the fullest sense, a good neighbour who does good works. The cause of happiness thus requires retrenchment on the part of governments – in order that small platoons have something worthwhile to do.

I doubt that Mr Hurd *will* make use of Mr Murray's rationale for small platoons. It sounds far too condescending. But members of the Cabinet will probably find much of his social philosophy highly congenial. I can see the merits of encouraging self-reliance and so forth, but I find it hard to believe that the post-Second World War growth of the Welfare State has reduced the sum total of human happiness. Nor does it seem likely that a smaller proportion of the population is unhappy in the US than in, say, West Germany, where public welfare is more generous. But the fact that the author comes to the wrong conclusions hardly matters. The freshness of Mr Murray's approach and his skill as an advocate will win him many converts.

Michael Prowse

The challenge of drugs

POLICE and customs officials round the world last year chalked up unprecedented success in seizing illicit drugs and impounding assets of the traffickers. Yet there is little comfort to be drawn from the alarming scale and complexity of what is now unquestionably the world's largest illegal business. Seizures represent well under 20 per cent of total available supplies which are constantly increasing.

The traffickers manage to remain one jump ahead of the authorities at every level from production through to distribution. Such are their profits that they now have the funds to corrupt whole societies. This is especially the case of the drug barons controlling the Latin American cocaine business which has expanded beyond all official expectations during the past decade, shifting the focus of international concern away from the oriental heroin trade.

It is no mystery why the business thrives. Marijuana, opium poppies and coca leaves are generally produced in developing countries in isolated areas by poor rural communities, often with strong local traditions of cultivation and not easily persuaded to switch to other equally profitable crops. The pressures of modern industrialised societies have created an exponential growth in demand.

Lack of direction

Until now the fight against the drugs trade has been bedevilled by the lack of both international and national direction. Governments have been caught between stamping out production, curbing demand and interdicting supply. Thus they have confined policy responses to individual issues such as policing, agricultural policy, or health matters related to addiction.

However, as narcotics have begun to impinge on national security and to affect international relations, particularly in the Americas, governments have realised the need for a more coherent approach that is co-ordinated at senior ministerial level. The Bush Administration's appointment of a drug czar of Cabinet rank at least recognises the pursuit by too many agencies of too many objectives, probably squandering resources in the process, such as the customs service's expensive use of airships to police the border with Mexico.

Better co-ordination and understanding of producer and consumer countries' problems is essential. At present, it makes nonsense of the genuine attempts by Washington to aid crop eradication in producer countries if there is not a corresponding effort to come to terms with demand in the US. Until there is, it is unrealistic to expect much weaker Third World governments to play their full part. Education and treatment, to which a new US drug law gives higher priority and more money, are part of this process, as is consideration of legalising some of the less damaging substances.

Enhanced role

Across borders, the United Nations, now being accorded an enhanced world role, could be further encouraged to pursue its quiet but patient efforts in the narcotics field. Last December it was responsible for bringing off the first comprehensive convention aimed at fighting the drugs business, which included provisions for the extradition of traffickers and seizure of their assets.

The international community can usefully devote more emphasis where it hurts the traffickers most – their profits. This after all is their prime motivation and if governments can make it difficult to launder large quantities of illegal funds at least part of the rationale for the trade will disappear.

Volcker for Conable?

■ George Bush has begun his presidency by replying to most questions that he does not know the answer and that the problems America faces are much greater than he expected. See, for example, the interviews in Time and Newsweek this week.

That may explain the rumours in Washington about the future of Barber Conable, the head of the World Bank. The buzz is that, as part of its review of international debt policy, the new Administration is considering making Conable US Ambassador to Japan, one of the few important diplomatic posts not yet filled.

Conable would be replaced at the World Bank by Paul Volcker, the former chairman of the Federal Reserve. That would allow Bush and his Secretary of State, James Baker, to put forward a high-profile, new strategy for tackling the debt crisis. Or so the argument goes.

Conable's friends at the World Bank say the former New York Congressman has no intention of moving halfway through his five-year term, and let this be known in a recent meeting with Baker. Indeed, officials say Conable remains well-connected with Bush (whom he served as co-campaign chairman in the 1980 election), and has been seeing him this week.

Volcker is now ensconced in Wall Street as a highly-paid consultant, and used to complain at the Fed that he was not paid enough money. Yet there is little doubt that he would love to take on the World Bank challenge. He has the disadvantage that he is no great friend of the Secretary of State and recently committed the ultimate heresy of attacking ex-President Reagan. "I never considered our give-and-take terribly productive," he said in a Time magazine interview, adding that Reagan's powers of comprehension sometimes failed him.

OBSERVER

Nevertheless, somebody in Washington is putting about the rumour, and it would be more a question of persuading Conable to go to Tokyo than persuading Volcker to accept the World Bank. Bush's concern about the debt problem also seems to be genuine.

"This satellite photo clearly shows you bowling a googly in Pretoria."

Loose talk

■ Sir Geoffrey Howe, the Foreign Secretary, spoke yesterday about translation problems at international conferences. On one occasion, a minister who had used the well-worn phrase: "The spirit is willing, but the flesh is weak", heard his remark translated by a Russian as: "The vodka is all right, but the meat is under-done."

Good lunch

■ Guinness Mahon may be in the eye of the storm over the collapse of Equiticorp, but it still boasts of pulling in people to lunch.

Yesterday's guest list at the merchant bank's offices at St Mary at Hill in the City included the itinerant Paul Volcker, former chairman of the Fed, Lord Richardson, former Governor of the Bank of England, Sir Kit McMahon, chairman of the Midland Bank and former Deputy Governor, and Anthony Loehnis, the executive director of the Bank who is moving to S. G. Warburg, and many others besides.

Unfortunate timing perhaps, but the lunch had been set up several weeks ago by Geoffrey Bell, the Guinness Mahon chairman who is a close friend of Volcker and gave him office space after he resigned from the Fed.

Riveting though the present international monetary situation is, the conversation may have dwelt on matters a little closer to home.

Diplomatic

■ Charles Price, the outgoing American Ambassador to Britain, has embarked on a series of fond farewells. Yesterday he spoke about the British media at a lunch given by ITN. He said he had always been puzzled why the press had tried to drag the US into the Westland affair. He had always thought about it in the same way as "my good friend Michael Heseltine".

"As a consequence," Price added, "I still have my job."

His best experience in Britain had been making friends; his worst had been Lockerbie.

PM's reward

■ One always thought that the public refusal of Oxford University to award an honorary degree to Margaret Thatcher was one of the silliest things the university had ever done. Now at least she has some compensation.

It was a complete surprise to her when she was told at her own dinner party at 10 Downing Street on Monday that a new building at her Oxford College, Somerville, will be known as the Margaret Thatcher Centre.

The dinner was for donors to the Somerville appeal, of which Thatcher is patron. Daphne Park, the Principal of Somerville, says she thought of naming the building after the Prime Minister only recently, and that the dinner was an appropriate occasion on which to make the announcement.

The appeal for £2m was launched in 1983 and the target has already been exceeded. Thatcher has also given her name to fund-raising in America and money is still coming in, although Park adds that as costs have gone on rising, more is still needed.

The Margaret Thatcher Centre will consist of a set of lecture and seminar rooms, plus dining room and, according to Park, will be ideal for conferences. Next to it will be another new building named after Dorothy Hodgkin, Thatcher's old tutor. Park retires as Principal in the summer. She says that she is relieved that she no longer turns up at dinner partes wondering which of her fellow guests she should tap for funds.

Foreman's law

■ Sign in a Birmingham factory: "Work rules. Rule 1: the foreman is always right. Rule 2: if the foreman is wrong, Rule 1 applies."

ECONOMIC VIEWPOINT

The 'uneasy' free market revival

By Samuel Brittan

How far has there been an international convergence around so-called Thatcherite policies such as cutting subsidies to loss-making industries and privatisation? And how far is Britain – or for that matter how far was the US under Mr Reagan – out on a limb?

A start in answering this question has been provided by David Henderson, Head of Economics at the Organisation for Economic Co-operation and Development (OECD), in two personal papers. If OECD publications were as well written, life would be far easier.

In an essay to be published later this year, Perestroika in the West, Mr Henderson outlines the movement of Western governments in a market-oriented direction.

Henderson dates this shift to roughly 1979, but goes on to add that it is not associated with a shift of power towards conservative governments. It is also evident for instance in Australasia, Spain, Sweden and France, which have been under left-wing rule for most of the period.

He lists four main areas; but some of the embellishments used in describing them are my own. In taxation there have been reductions in high marginal rates of personal tax, a shift towards taxing consumption and – less clearly – attempts to reduce exemptions and privileges. A second area is product markets, where

It may be easier to privatise an industry or even abolish exchange controls than get rid of an import quota

many countries have engaged not only in privatisation, but in deregulation, especially in transport and telecommunications. There has also been at least a desire to phase out industrial subsidies. Third, labour markets have been shaken up by removing controls and shifting away from centralised collective bargaining, as well as by reducing the disincentive effect of the social security system – usually by the not very subtle means of limiting benefits.

Fourth and most prominent, there has been the freeing of capital markets by such measures as the abolition of credit controls and interest ceilings, and allowing greater participation by foreign enterprise. (As I was looking at this last item, I was struck by the Labour Party's continued insistence on credit controls as an alternative to high interest rates. This may of course reflect the unregenerate instincts of the party's intellectual advisers. But it did make me doubt Henderson's assurance that there was no country where a shift of political power would reverse economic liberalisation.)

If I were to pick the area where British efforts seem at first sight different in scope to those at least in the rest of Europe, it would not be in financial markets nor even in privatisation, but in the phasing out of industrial subsidies. Nothing like it has been seen, for instance, in Germany, where regional and industrial interests have triumphed over the Federal Republic's theoretical commitment to the social market economy.

The underside to this achievement in the UK is the *centralisation* of state and especially prime-ministerial power, which forms no part of the wider liberal conception. Henderson however, is able to show how "uneasy", or incomplete, is the supposed liberal triumph even in the strictly economic sphere. He mentions housing, which in most countries is still highly regulated, controlled or subsidised, as a main domestic exception to the free market trend.

But he concentrates on the most conspicuous omission – free trade in goods and services. In his view, despite all the anti-protectionist declarations, the trade regimes of the OECD countries are on balance less liberal than they were 10 or 20 years ago.

The protectionist measures which he believes most damaging have been *ad hoc* and industry-specific. He mentions four categories: subsidies or preferences for domestic producers; discriminatory import restrictions, many of them supposedly voluntary; the variable levies and duties of agricultural policy; and – increasingly – countervailing or anti-dumping duties.

David Henderson, Head of Economics at the OECD

All these measures discriminate between countries and products; they reduce the scope for competition and freedom of entry, and above all they turn "what could be low-level transactions between people and businesses into subjects of official negotiation between governments."

They have proliferated partly because particular jobs are seen to be at stake, and the future of specific firms or industries. It may be easier to privatise an industry or even abolish exchange controls than get rid of an import quota.

But Henderson believes that the full contrast between trade and domestic policy can only be explained by the power of bad ideas – what I once called "businessmen's economics". Examples are that countries gain from having a trade surplus, that bilateral trade balances matter, and that there is a national interest in having high technology industries.

It is the prevalence of these revived mercantilist ideas that makes Henderson describe the supposed victory of free market ideas as "uneasy". Henderson is at his most pessimistic in a separate paper on 1992: The External Dimension (The Group of Thirty, 32 St Mary at Hill, London, EC3P 3AJ).

He makes a very fair point here about labour markets. For in eight out of 20 member countries studied by the OECD, unemployment levels have almost fallen back to those that prevailed before the 1973 oil crisis. None of these countries is a Community member, though five are European. In 10 other countries, unemployment is still close to its peak rate; and all of these are Community members. "It is within the Community, rather than outside it, that greater dynamism is needed in order to make possible levels of output and employment that are close to what the countries concerned should be capable of achieving."

But again his severest strictures are directed towards trade policy – not the spectre of Fortress Europe but the increasing strength of long-established protectionist elements. In the end, however, Henderson admits that there is little to choose in degree of protection between the two sides of the Atlantic over the last 20 years. It is therefore intriguing why so many English-speaking free market economists instinctively mistrust the Community and prefer the English-speaking countries, Japan or Scandinavia.

Not entirely because of the evidence. Of the four specific examples of threatened trade restriction cited in the first Henderson paper from a four-day sample of the Financial Times last year, one was about Japanese threats to Korea, a second Swedish threats to Japan and a third with the last US Trade Act.

As Henderson himself says, the best hope for free trade is that a favourable Community experience with 1992 would be generalised for the wider world. In any case a full dismantling of all frontier and political barriers beyond normal trade negotiations would surely be a shot in the arm for markets and competition.

At the Royal Institute for International Affairs last night, Mr Nigel Lawson, the British Chancellor, gave some useful detail about the difference between genuine liberalisation and bureaucratic harmonisation. It was a pity that on the monetary side he devoted only three or four paragraphs to talking about the European Monetary System in slightly warmer terms that the Prime Minister. He gave many pages to a dissertation on national sovereignty designed to postpone indefinitely European monetary union; and he repeated the old Keynesian canard that it would require a common fiscal policy. As for surrendering monetary sovereignty to a Bundesbank-type central institution, surely in his heart Mr Lawson knows that this would be a key as much to low inflation as to a common currency.

It is time that market liberals fought their own corner inside the Community – without Mrs Thatcher if necessary.

Arms reduction

The route to stability lies in restructuring

By Robert Neild

There are two possible negotiating responses to Mr Mikhail Gorbachev's announcement of unilateral cuts in conventional forces.

One is to stick to the position that Nato has been evolving in preparation for the conventional stability talks (CST) in Vienna: seek a military balance in tanks, artillery and armoured troop carriers by continuing to demand unilateral cuts from the Warsaw Treaty Organisation on the grounds that it has larger forces which give it a capability for attack; make this step a precondition to any large reduction in Nato's forces.

The second approach is directly to seek the elimination, or reduction to a really low level, of those components of the forces that provide a capability for strategic attack. On this approach the two sides should start by considering the key components, such as tanks, mobile artillery, attack aircraft and forward deployments of assault units and logistics, which give forces the capability to attack. They should examine the effect on stability of cutting these forces right down, whilst keeping intact forces that are strong in defence, such as light infantry, anti-tank forces and anti-aircraft forces. The objective, on which attention would be *focused from the start*, would be to cut the offensive capabilities of both sides to the point where the defensive strength of each was superior to the reduced offensive strength of the other.

The first approach – priority for the pursuit of balance – fits the post-Second World War tradition of confrontational arms negotiation. The second – priority for the restructuring of forces to remove offensive capabilities – could break that mould and produce easing in military competition and in arms levels. A comparison of the two will show why.

To pursue balance, whether as an ultimate goal or as a first step, implies that a balance of forces will produce stability, regardless of the character of the forces. But suppose, to take a highly simplified example, there existed only two kinds of forces, tank divisions and anti-tank minefields. If the forces of two protagonists consisted of tank divisions only, stability would not be achieved by ensuring that their tank forces were equal. With equality, each side would have a good chance of victory if it caught the other by surprise. Each would fear attack and would feel obliged to arm. If the number of tanks was raised or lowered equally on both sides, stability would not be changed, apart from second-order effects. There would still be tank forces facing each other ready to move.

If, on the other hand, there was a mixture of tanks and minefields and the tanks were removed – or reduced to low levels on both sides – the possibility of successful attack, and the fear of it, would be removed or diminished. Stability would be produced by "mutual defensive superiority", meaning that each side's defensive capability was great relative to the limited offensive capability of the other side.

In short, the pursuit of balance is not, and restructuring is, a way of achieving stability.

A second, no less important, consideration is that negotiating a balance of conventional forces is a sure way to become bogged down in wrangling about numbers. For example, the MBFR talks on mutual balanced *reductions in manpower*, have been going on for 15 years and nearly 500 meetings without issue. The problem is that the strength of conventional forces, in contrast to nuclear forces, depends on an infinity of variables many of which are inherently unmeasurable – the quality and reliability of weapons; the quality of soldiers, leadership and communications; the effects of differences in geography and terrain; the political reliability of allies. The list is endless and, with respect to each variable, measurable and unmeasurable, there will be asymmetry between the two sides.

It is not idle speculation to suggest that if balance is pursued at the forthcoming CST talks there will be a wrangle over numbers. Just before Mr Gorbachev's announcement of unilateral Soviet cuts, Nato, as an opening shot, issued to the public a document with the title, "Conventional Forces in Europe: The Facts". The Soviet Union has promised numbers and can be expected to produce its version in reply.

With restructuring, balance ceases to be the criterion of stability. If, to take the same example again, your neighbour gets rid of tanks and keeps minefields only, you will not mind how large those minefields are. Only in so far as your neighbour can attack you, need you arm against him: it is his offensive capability relative to your defensive capability that matters.

With restructuring, the present levels of offensive components would enter an agreement only with respect to what had to be scrapped. For example, if both sides agreed to have 5,000 tanks, the difference between 5,000 and the present number on each side would have to be scrapped, with a large cut for whichever side started with the larger number. The technical problems of defining categories of weapons, *the areas to which limits are to* be applied and the procedures for verification and scrapping will be just the same as with the pursuit of balance.

To go for restructuring would be to respond positively to Mr Gorbachev who, apparently in a compromise with his military, has included balance as well as restructuring in his proposals. It would be a way for the West to take the initiative, offering a coherent view of how to increase stability and reduce arms in a manner that provides security and savings for both sides.

If this approach is to be adopted, the political leaders of the West, led by someone ready to challenge old ideas like Mrs Margaret Thatcher, will need to grasp these new concepts and convert those who find them unfamiliar and unpalatable.

The choice of approach depends on how wholeheartedly we want to seize the present chance of unwinding the military legacy of the Cold War – and testing the declared readiness of the Soviet Union and its allies to do so.

The author is a fellow of Trinity College, Cambridge

LETTERS

Advantages of the present tax system

From Mr John Redwood.

Sir, Joe Rogaly's column concerning John Hills's proposal for changing the tax system (January 20) fails to reveal the numerous flaws in Mr Hills's research and recommendations.

The worst error is the assumption that the British economy would have grown as strongly as it has if tax rates had remained at their 1978/79 levels. Mr Hills is forced to conclude that the 98 per cent tax rate on savings income for the better-off was extremely damaging: once he starts to tinker in his mind with the 1978/79 tax structure he is forced into the position where his whole argument is untenable.

No one seriously believes that national income could have risen at anything like the rate of the last nine years with Labour's tax policies.

It stands logic on its head to imply, as the Child Poverty Action Group press release did, that people on lower incomes are worse off and that taxes on income have increased when there have been large cuts in income tax rates at all levels of income. The fact that the country is more prosperous and practically everyone is better off is simply ignored.

Mr Hills's recommendations would entail a major increase in the tax burden for those at average income and just above. He wants to increase the national insurance rate from 9 per cent to 9.85 per cent, he wants income tax at 34 per cent, instead of 25 per cent, once a person's income reaches £11,000 a year, he wants to end tax-free lump sums paid on retirement from pension funds and wishes to tax savings more heavily by bringing back a surcharge on savings income.

These and many of his other proposals would destroy jobs, reduce the growth in national prosperity and leave millions worse off.

John Redwood,
House of Commons.

Solving the money supply problem

From Mr Peter d'A. Willis.

Sir, I think I know why the Chancellor has trouble keeping the money supply under control.

On a recent trip to London I calculated that I would need to bring just two 1,000 Swiss franc notes in my wallet to have enough funds for three days in London.

On arrival in England I had to exchange them for 17 English bank notes. This was the minimum number I could receive by accepting the largest denominations possible of £50 and £20. They would not all fit in my wallet.

No wonder the British have to resort to carrying credit cards everywhere, and then being faced with the constant temptation to spend more than one intended.

Is there any good reason why the Mint cannot produce a £100 note and a £500 note? Who knows what it might do for financial discipline. Just look at the Swiss who can scarcely be called profligate.

Peter d'A. Willis,
PO Box 24,
1211 Geneva 4,
Switzerland.

In defence of Lonrho

From Mr Kenneth G. Shepherd.

Sir, It is very sad to find that your journalistic standards are failing. I refer to the section headed Fraser/Lonrho in the Lex column of January 21.

Until today, the only unbiased reporting of this affair which I have seen has come from The Independent, Channel 4, and yourselves. I do not doubt that your Lex correspondent believes that his comments are appropriate. His views, however, are quite out of touch with those of most of the informed of us who see things from outside the confines of the City establishment.

Lex: . . . *the consequences for the market are not entirely satisfactory, especially when the prospect is one of annulling a takeover that happened two years ago.*

I beg to differ. The consequences for the market are entirely satisfactory. If the public are to have faith in the integrity of the City, its institutions, and its relationship with Government, then they must be certain that there can be no benefit from dishonest behaviour, if this has occurred. To suggest that the annulment of a takeover which may have been so achieved is less than satisfactory, reveals an attitude which I believe to be quite inappropriate to your newspaper, which hitherto I had seen as a flag bearer for the *improvement in standards of* City and corporate control and behaviour. That the events took place two years ago is irrelevant. As Lex must be aware, the only reason why two years have elapsed is the reluctance of certain authorities to pursue the evidence which was available to them at the time.

Lex: *Lonrho's shareholders are affected only insofar as Tiny's personal crusade, which has been paid for largely with their money, has left a dirty smudge on the company's image and hence on its share price.*

"Tiny's personal crusade," as Lex calls it, has received the overwhelming backing of Lonrho's shareholders at successive AGMs. Mr Rowland is not conducting a personal crusade. He is Chief Executive of Lonrho and acting on behalf of, and with the concurrence of his shareholders, who are well aware of where the money has come from.

To suggest that Lonrho's behaviour in the matter of the Fayeds' takeover of House of Fraser has left a dirty smudge on Lonrho's image is breathtaking in its diversion from reality. Whilst certain statements made may have been more diplomatically phrased, Lonrho's exposure of the circumstances surrounding the takeover, and the behaviour of those involved, is a service to the public which should be recognised in City circles even more than it is currently by the public at large. There are several participants who are much more qualified to be labelled as having a "dirty smudge" on their image than Lonrho. Where is the mention of them? With regard to the effect on Lonrho's share price, the fact that lesser newspapers, and now apparently even the FT, have made such unjustified disparaging remarks has contributed far more to Lonrho finding itself out of favour with much of the financial establishment than the company's actual performance or behaviour.

Fortunately the private investor is concerned with more than short-term price performance and is happy to stay with a company whose aspirations are not dissimilar to his own, however much its detractors would wish it were otherwise.

For the sake of balance, I suggest that one of your commentators write a piece congratulating Lonrho for spending so much time and money in the pursuit of truth and honest dealing in the face of almost universal official hostility and obstruction, at no small cost to its executives and, to a lesser extent, its shareholders. We need more companies who, like Lonrho, are prepared to give their principles as high a priority as their profits and your newspaper is in a unique position to say so. Please do.

Kenneth G. Shepherd,
68 Crescent Road,
Bromley, Kent.

Best interest

From Mr W.J.W. Courtney.

Sir, I would not wish to split hairs with Mr Turner (Letters, January 19) about the Monopolies and Mergers Commission report on water supply in the Southern Water region. Our conviction has grown over recent years that a closer association between Southern Water and the water companies would benefit the customers, who are our first priority. There is much duplication between us, such as in billing, operations and management, but our offers to the companies to eliminate this and to exploit some of the economies of scale, so as to give our mutual customers the best possible deal, have not been welcomed.

I think it is unfortunate that Mr Turner, and the other directors of water companies in our area and elsewhere, appear to be so quick to recommend apparently the first bid which comes along. I am not convinced that such decisions have always been in the interests of customers and staff, or indeed the shareholders.

W.J.W. Courtney,
Southern Water,
Guildbourne House,
Chatsworth Road,
Worthing, West Sussex.

FINANCIAL TIMES
Thursday January 26 1989

Tower promises to clean up the Pentagon

By Lionel Barber in Washington

MR JOHN TOWER, President Bush's controversial choice as Secretary of Defence, yesterday pledged to root out fraud in the Pentagon, and to co-operate with Congress in forging a new national security policy in tune with domestic budgetary constraints.

"I am not a mindless hawk," Mr Tower told a confirmation hearing at the Senate Armed Services Committee, "I am a realist."

Mr Tower is a former chairman of the Senate Armed Services Committee, and a US negotiator in the Start talks in Geneva and many senators praised him for his knowledge on military matters.

His nomination is probably the most controversial in the new Bush administration because the former Texas Republican Senator led the fight in the early 1980s for President Reagan's $2,000bn military build-up. Critics question whether Mr Tower has the skills to manage the Defence Department's $300bn annual budget in the new era of austerity.

Yesterday, Mr Tower deftly pre-empted criticism by displaying uncustomary humility and pledging full co-operation with the Democrat-controlled Congress on issues ranging from modernisation of America's strategic nuclear arsenal to procurement reform, "the role Congress must play is vital."

Mr Tower stressed, however, that it was vital for America to maintain its defences in the face of "a new, more sophisticated challenge" from the Soviet Union, which, he said, "remains our greatest adversary." While welcoming President Gorbachev's unilateral cut in offensive troops and tanks, Mr Tower said the Nato Alliance should proceed with caution.

In his testimony, Mr Tower admitted that enormous sums of money had been wasted on defence in recent years. He spoke of an erosion of public confidence in the Pentagon, without naming the man most closely identified with the build-up, former Defence Secretary, Mr Caspar Weinberger, who took a confrontational approach to Congress.

Earlier, Democrat Senators said Mr Tower faced an historical challenge in restructuring the Pentagon budget. Senator Carl Levin of Michigan forecast Congressional pressure on the Western Alliance to contribute more to the common defence. "Defence burden sharing is long overdue," specifically criticising Europe and Japan.

Yesterday, the White House announced that Mr Tower's deputy at the Pentagon would be Mr Donald Atwood, a former Vice-Chairman of General Motors, subject to Senate confirmation.

Anticipating questions about his ties to defence contractors, including British Aerospace, Mr Tower told Senators: "My allegiance is not to any corporate entity. My allegiance is to the US."

Overheating warning from Fed questioned by Bush

By Peter Riddell, US Editor, in Washington

PRESIDENT BUSH yesterday questioned warnings about overheating in the US economy from the Federal Reserve Board, saying he hoped it would not overreact to inflationary fears.

His comments were made as further pointers emerged from the Fed of a likely continued tightness in US monetary policy.

The President told reporters in the Oval Office that there were no signals in the markets that the economy was in "real trouble."

After admitting he had not talked recently to Mr Alan Greenspan, the chairman of the Federal Reserve, or read his testimony to Congress on Tuesday, Mr Bush said: "I don't want to see us move so strongly against the fear of inflation that we impede growth. We have to keep expanding opportunities for the working men and women of this country."

Mr Manuel Johnson, vice-chairman of the Federal Reserve, reaffirmed even more bluntly than Mr Greenspan did on Tuesday that keeping inflation down "requires a restrictive monetary policy." Mr Johnson said the Fed would resist inflationary pressure no matter what the rate of economic expansion, denying that it was wedded to a 2.5 per cent growth rate. This was not, he said, "a sacred number."

The Federal Reserve also issued its "Beige Book", a report on economic conditions based on surveys of businesses across the country. Most of the 12 Fed districts note "somewhat stronger regional economic activity on balance in December and early January than at the time of the last reports in November, with much of the growth centred on the retail and industrial sectors."

Consequently, the Federal Reserve states, "it would appear that the national economy gained momentum in recent weeks as consumer spending strengthened, manufacturing activity continued to rise, and producers scheduled more investment in plant and equipment."

The "Beige Book", using data up to January 13, is one of a number of inputs to the discussions of the policymaking Federal Open Market Committee which will meet on February 7 and 8. Its findings are relevant in the light of Mr Greenspan's warning that the recent pace of economic growth cannot be sustained without pushing up inflation. However, there has been some contrary evidence of a slackening in the growth of consumer debt and a decline in housing starts.

Janet Bush in New York adds: US financial markets generally took little notice of President Bush's remarks although the dollar, which was already under some pressure from US Federal Reserve intervention, dipped immediately after they were reported.

In contrast, the publication of the Beige book immediately sent US Treasury bonds lower as traders reacted to further evidence of strong economic growth.

At the close, the benchmark long bond stood ⅜ point lower to yield 8.82 per cent, undermined by the Beige book and a slightly weaker dollar.

The mood in the bond market was in contrast to Tuesday's euphoria based on the fighting talk on inflation by Mr Greenspan.

Price declines reflected concern that a series of aggressive moves by the Federal Reserve throughout last year to tighten monetary policy appears to have been ineffective in slowing down economic growth. The logic suggests that a much more substantial rise in interest rates may be needed to bring down growth.

● The Dow Jones Industrial Average closed up 9.46 at 2,265.89.

Britain's legal elite under sentence

A. H. Hermann explains plans for radical courtroom reforms

BRITAIN'S judges and barristers still hanker after the past – as witnessed by the wigs they wear in court.

Their longing is understandable because they have been the uncontested leaders of their divided profession and, until recently, have found their picturesque traditions very profitable.

Such an elitist profession, serving only the very rich or those provided with financial aid by the state to fight legal battles is no longer acceptable in modern Britain.

Merely to bring the profession into modern times would, in itself, have been a very big step.

However, the Lord Chancellor has seized the political mood to do more than that. He has proposed revolutionary change which is designed not only as a break from the profession's Dickensian past but also to equip it for the future.

If his proposals are implemented, the UK's legal profession will be able to claim that it is ahead of the legal profession of the European Community in flexibility, efficiency and readiness to serve a growing clientele at home and abroad.

In harmony with the spirit of Thatcherism, the main emphasis of the reform is a market for legal services governed by competition.

As in the field of financial services, such deregulation would be accompanied by tighter and semi-statutory codes of conduct, and much stricter supervision from outside the profession.

An Ombudsman or "policeman" for the legal profession would be armed with powers to investigate, propose compensation of wronged clients, and to initiate further legislative and administrative improvements.

In addition to competition and supervision, the third leading principle of the reform appears to be the creation of room for specialisation. This would strike at the heart of the existing system, the division between barristers (lawyers with wigs who may plead in court) and solicitors (who may not). There would still be a division. Not even Lord Mackay has suggested depriving barristers and judges of their wigs and gowns. But in future, either could practice advocacy in the courts of the land.

Existing barristers would retain their rights of audience in higher courts but a new generation would have to qualify for advocacy in the same way as solicitors. In harmony with this, county (regional) court judges, some of them former solicitors, would have open to them a career leading to the House of Lords, the UK's final court of appeal.

Other professions could, according to their speciality, also be admitted to represent clients in courts. One important implication of this measure would be that the statutory barrier to interdisciplinary partnerships would fall, and that barristers, to be able to compete on an equal basis with other advocates, will have to be allowed to form partnerships at home and abroad.

It has been long recognised that the academic and vocational education of UK lawyers leaves much to be desired, although one ought to note that this is a somewhat lesser problem in Scotland. It is proposed to devise a uniform framework for education of all lawyers, whether barristers or solicitors.

The vocational training would be organised, as at present, by the Bar – the collective name for Britain's barristers – and the Law Society and other professional bodies that may be established to meet the possibility of greater specialisation. But the content of such educational activities,as well as the qualification requirements, would be centrally directed, with the Lord Chancellor having the last word.

This far-reaching deregulation of the profession should be combined with new measures for the protection of the clients. The first of these will be a new system of certification of advocates. Second, the establishment of statutory minimum requirements for professional codes of conduct to be drafted by the old and new professional bodies. Third, it is proposed to appoint an Ombudsman with wide powers of investigation who would replace the present Lay Observer of the Law Society. Finally, the reconstitution of the 1971 Lord Chancellor's Advisory Committee on Legal Education, to deal also with professional conduct, should provide the Lord Chancellor with vigourous and active assistance in guiding and supervising the reformed profession.

This new standing committee with a majority of law members would submit an annual report to be laid before Parliament and could also make recommendations to the various organisations of the professions.

The Bar reacted with predictable fury yesterday. There was talk of the "quality of justice" being threatened and the measures being a "charter for the big battalions" – a reference to the City of London's large law firms.

The passage of these measures and their subsequent implementation will test to the limit the political acumen of Lord Mackay as well as the determination of Mrs Thatcher's reforming Government.

Moscow aims to trim budget deficit

By Quentin Peel in Moscow

THE SOVIET Government intends to cut its construction and major investment programme by as much as 20 per cent and halt several "especially costly projects" in order to cut its soaring budget deficit, a senior economic adviser said yesterday.

Dr Leonid Abalkin, director of the Institute of Economics of the Soviet Academy of Sciences, said that at the same time the Government planned to tap private savings to the tune of up to 20bn roubles ($32.4bn) by issuing "purpose-related" state bonds, and encouraging private finance of house-building.

He also suggested yet another round of steps to make joint ventures more attractive to foreign investors, including allowing them to buy "traditional Soviet exports" with any rouble profits they may earn. This would provide a disguised way of guaranteeing the remittance of joint venture profits, even if they are not in hard currency.

His latest revelations came as Soviet economists admitted for the first time within the Soviet Union that the real scale of the budget deficit was about 100bn roubles, not the 35bn roubles figure officially stated by the Finance Minister.

Mr Otto Latsis, deputy chief editor of Kommunist, the ideological journal of the Communist Party, said Western economists had already noted that the official figure failed to include a sum of 63.4bn roubles borrowed from the "state loan fund."

He said that a 100bn roubles deficit in the Soviet Union amounted to between 11 and 12 per cent of gross national product, an unacceptable level for any economy.

Dr Abalkin, one of the small group of economic advisers closest to Mr Mikhail Gorbachev, the Soviet leader, did not identify any of the major capital projects intended to be axed.

"We are going to freeze the construction of a number of especially costly projects which are not going to give any profit in the near future," he said. "This will amount to saving around 20 per cent of current budget investments."

He suggested that the huge volume of private savings in the economy, caused by the shortage of consumer goods, could be tapped both for housing and for government bonds in specific projects.

The Government is intending both to encourage private housebuilding, condominiums and the sale of state flats to their tenants. As for bonds, Dr Abalkin cited an example sounding much like the Western concept of time-shares in holiday homes: a Soviet citizen could purchase bonds in a holiday home, guaranteeing himself free vacations for 15 years or more, he said.

Dr Abalkin insisted that Mr Gorbachev's economic reforms were showing results, even if the popular perception is of continuing chronic shortages in the shops.

He said 1988 had seen an unprecedented 25bn roubles increase in retail trade turnover, with consumer goods spending up by 9 per cent. However, the increase had instantly been soaked up by the level of unsatisfied consumer demand.

He ruled out any early move to retail price reform as long as acute shortages of goods persisted, saying that it would inevitably result in inflation. He also revealed that a first draft of price reforms from the State Pricing Committee had been flatly rejected by the leadership.

Sharp rise in Japan's overseas investment

By Stefan Wagstyl in Tokyo

JAPAN'S direct investment in foreign countries is set to exceed $40bn on the year to the end of March, a sharp rise on the previous 12 months, according to Jetro, the Japan External Trade Organisation.

Direct investment overseas was $22.9bn in the first six months of the year, up 44.6 per cent over the same period in 1987. For the year to March 1988, the figure was $33.36bn, a 49.5 per cent increase.

The totals confirm the continuing interest of Japanese companies in buying foreign real estate, setting up manufacturing companies and, to a lesser extent, corporate acquisition.

Jetro said the most important single element in foreign investment was the transfer overseas of industrial production by companies trying to combat the effect of the high yen.

In the year to March 1988, North America accounted for 46 per cent of total Japanese foreign direct investment, followed by Europe with 19.7 per cent and Asia with 14.6 per cent, where in each case investment was double the figure for 1986-87.

The leap in European investment was prompted in part by Japanese companies' plans to build up a European presence in advance of the integration of the European Community market in 1992.

Investment in Europe rose to $4.0bn in the first half of the 1988-89 year, a 25 per cent increase on the same period the previous year. While the rate of increase was lower than for total Japanese foreign investment, this is not seen as a sign of any decline in interest in Europe by Japanese companies, in view of the very sharp jump the previous year.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	13	55	Malta	-	—	—	Rhodes	C	13	55
Algiers	S	15	59	Edinburgh	F	06	43	Manchester	C	03	37	Rio de J'o	-	—	—
Amsterdam	C	04	39	Faro	F	15	59	Manila	F	31	88	Rome	F	15	59
Athens	C	10	50	Florence	S	09	48	Melbourne	S	30	86	Salzburg	S	03	37
Bahrain	F	15	59	Frankfurt	C	02	36	Mexico City	F	24	75	San Francisco	F	15	59
Bangkok	F	33	91	Funchal	S	18	64	Miami	C	23	74	Seoul	C	04	39
Barcelona	F	14	57	Geneva	C	04	39	Milan	Fg	00	32	Singapore	F	31	88
Beirut	C	18	64	Gibraltar	C	15	59	Montreal	C	01	34	Stockholm	C	05	41
Belfast	F	09	48	Glasgow	C	07	45	Moscow	C	-2	28	Strasbourg	C	-2	28
Belgrade	C	01	34	Guernsey	C	05	41	Munich	S	01	34	Sydney	S	24	75
Berlin	S	01	34	Helsinki	C	04	39	Nairobi	F	23	73	Taipei	C	19	66
Biarritz	S	14	57	H. Kong	C	16	61	Naples	S	12	54	Tangier	S	16	61
Bombay	S	27	81	Innsbruck	S	03	37	Nassau	C	26	79	Tel Aviv	F	14	57
Bordeaux	S	10	50	Inverness	F	09	48	New Delhi	F	21	70	Tenerife	S	20	68
Brussels	C	01	34	Islamabad	F	20	68	New York	Sn	16	61	Tokyo	C	04	39
Budapest	C	00	32	Istanbul	C	05	41	Nice	S	14	57	Toronto	C	04	39
B. Aires	F	35	95	Jakarta	R	31	88	Nicosia	F	18	64	Tunis	F	14	57
Cairo	F	19	66	Jersey	C	04	39	Oporto	C	12	54	Valencia	C	11	52
Cape Town	S	25	77	Jo'burg	C	24	75	Oslo	S	01	34	Venice	S	06	43
Caracas	C	25	77	Lima	F	26	79	Paris	S	04	39	Vienna	C	00	32
Casablanca	S	16	61	Lisbon	C	14	57	Peking	S	07	45	Warsaw	C	03	37
Chicago	C	03	37	London	C	05	41	Prague	C	-4	25	Washington	C	07	45
Cologne	S	03	37	Los Angeles	C	16	61	Reykjavik	F	03	37	Zurich	C	-1	30
Copenhagen	C	02	36	Luxembourg	S	01	34								
Corfu	S	12	54	Madrid	S	06	43								
Dallas	C	18	64	Majorca	S	15	59								
Dublin	D	09	48	Malaga	C	14	57								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Toyota plans for $1.2bn Europe plant

Continued from Page 1

its pioneering step in the early 1980s, a move which was already greeted in some quarters in the European auto industry as the establishment of a Japanese "Trojan horse" in Europe.

Only this month the European Commission brought into force a new regime for monitoring state aid to the European motor industry, which means that any project involving state aid of more than Ecu12m ($14m) to a vehicle assembly or engine production project must receive the prior approval of the European Commission.

Aid on the scale received by Nissan of up to £125m would certainly no longer be feasible, as the Commission seeks to make it impossible for governments or regional or local authorities to "bribe" overseas motor manufacturers to set up in their locality.

The European Community is still in disarray, however, over its plans to form an external trade policy for the motor industry after 1992, when the individual quotas or restrictions imposed on Japanese car imports in countries such as Italy, Spain, France, Portugal and the UK are supposed to be dismantled, possibly to be replaced by a single umbrella quota for the whole of the Community.

There are strong voices demanding some form of protection or "fortress Europe" which would include demands for at least 80 per cent local content in any future Japanese operation in Europe.

THE LEX COLUMN

The magnetic lure of the buy-out

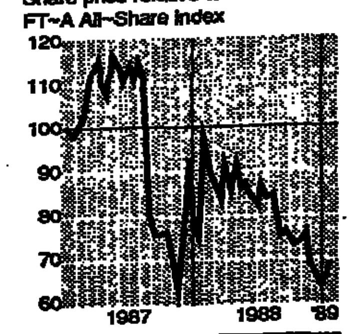
The business of taking quoted companies private has not really caught on in Britain. The proposed buy-out of Magnet, at a presumed price of not much over £500m, is so tiny as to be invisible beside such as RJR Nabisco; but it would still be much the biggest in the UK to date. In principle, such deals have a lot to be said against them. Almost all recent examples have a history of dreadful price performance (Magnet's fall of some 40 per cent relative since its pre-crash peak is about average). The pique of managers at the market's verdict is of little importance compared with the loss to shareholders, who are entitled to demand either better performance or a change of management.

Such deals also bring into question the fiduciary duty of directors. Managers hold information not available to shareholders, which they will generally make available to potential partners in the buy-out, but not to other bidders who might offer more. US investors are to an extent protected by outside directors (Magnet has just two) and by a tradition of shareholder litigation. The chief protection in the UK comes from the institutions, who already scupper some of the chancier proposals at an early stage, but would do well to take a more hostile attitude to others which are in the public arena.

Perhaps, though, yesterday's tentative announcement from Magnet is merely an invitation to bidders. At yesterday's close of 262p, a buy-out would be on the cheap side, representing less than six times current year cash flow; and as MFI is showing, even a vertically integrated purveyor of home furnishings can succeed if the product is right. But if the business is to be sold, better it should go to an arms-length buyer like Woolworth, say; and better it should fetch more like 300p as well.

Magnet

Share price relative to the FT–A All–Share index



Taylor Woodrow

Perhaps it was the fear of an early spate of rights issues that stopped the UK equity market rally yesterday, but it was more likely the sight of a couple of old hands failing to place £100m of a bid-inflated stock. The institutions are notfools, and it is hard to see how Hambros and Hoare Govett could have hoped to get rid of 10 per cent of Taylor Woodrow at 605p unless the equity market is going to run ahead of all expectations. After yesterday's fall Taylor Woodrow is still selling at 12 times prospective earnings, and its bid premium has disappeared. However, yesterday's drop in the P & O share price was rather perverse, since there is no longer any chance that it is going to be issuing a lot of paper to bid for an overvalued property company.

Conveyancing

The thousands of solicitors who make a living from conveyancing could well survive longer in the new competitive world than independent financial advisors and estate agents have done. Although yesterday's proposals open the field wide to banks and building societies, they do not make it look especially appealing. If the Government really means it about no cross-subsidies and fees which fully cover costs, outsiders may not choose to compete at all. Even if the code of conduct is more lax than that, building societies and banks may find marketing arrangements with local lawyers a much cheaper alternative to offering conveyancing services themselves. The huge fees that lawyers charge for what is apparently a simple task might make the market look inviting, but the same was said about estate agency, and look what has happened to the outsiders that got involved in that.

GPG Guinness Mahon

It is in the interests of all concerned to reach a speedy resolution of the mess left by the collapse of Equiticorp. The longer GPG and Guinness Mahon are left twisting in the wind, the more likely that fresh embarrassments will emerge. The Bank of England may have plenty of excuses, but the Equiticorp debacle is yet another sign that its record in overseeing contested takeovers in the banking sector is unreliable; and the various advisers do not emerge with any particular credit either. Meanwhile, internal tensions in the various parts of the old Guinness Peat group appear to have prevented an early sale of at least part of the businesses, which might have stopped some of the dirt surfacing.

Virtually every major figure which has brushed with Guinness Peat in its various past guises has come off the worse for wear. With the likes of Robert Maxwell and Lord Kissin lurking on the sidelines, it would be rash to predict a simple solution. Guinness Mahon should be relatively easy to sell – if its management were to swallow their own ambitions – and a management buy-out of the various bits of GPG looks the most sensible option. However, it would be surprising if the old Guinness Peat jinx did not strike again before it is finally laid to rest.

Thomson T-Line

Wembley's famous bid for Thomson T-Line was so long in coming that it was not altogether a surprise to hear yesterday that the whole thing had been called off. Whereas Wembley apparently had serious intentions of bidding at 95p or so, the prospect of taking on Lord Hanson in a bid battle seems – quite understandably – to have made it think again.

Meanwhile, the departure of one counter-bidder does not improve Ladbroke's chances much. In Wembley, Thomson may have lost the friend of its own choosing, but it may well find that Hanson serves just as well. Yesterday's interim statement from Thomson was almost entirely devoid of the defensive trappings which might have been expected, gaining all its force from the fact that Hanson has bought shares at 4p more than the Ladbroke offer. That is a pretty powerful argument, especially given Hanson's customary reluctance to build a stake unless it is willing to bid at the same price. One can only assume that Hanson knows what it is doing; it is otherwise hard to understand why it is interfering so late in a high-profile bid,where the potential profit from buying the company and selling the bits would count as little more than pocket money.

ACCOUNTANCY COLUMN

Holding up the mirror to company pensions

By Eric Short, Pensions Correspondent

UNTIL NOW, there has been no specific basis for accounting for pension costs in a company's published accounts. The costs brought into the profit and loss account have usually been the actual amount paid into the scheme, and it was left to the particular company and its auditor to decide whether to show the actual cost separate from the cost of wages and salaries.

If the contribution for a year was 15 per cent of the payroll of those employees in the scheme – a possible normal cost of a maximum benefit final salary scheme – then that was the figure included in the accounts and pre-tax profits were reduced accordingly.

If, as is likely at present, the company is enjoying a "contribution holiday" then no deduction would be made. The pre-tax profits would reflect the full benefit of the contribution holiday and its corresponding effect on the share price.

However, this *ad hoc* treatment of pension costs and its distorting effects on a company's published earnings will disappear as Statement of Standard Accounting Practice (SSAP) No 24 comes into operation.

Under that standard, which now applies to all company accounts starting from July 1 1988, the pension liability costs must be determined on a systematic and rational basis and charged in the year in which the liability arises irrespective of the actual payment made during the year by the company into the pension scheme.

Company pension schemes fall into two categories, known as money purchase or defined contribution schemes and final salary or defined benefit schemes.

Under SSAP 24, pension liability costs most be determined on a systematic and rational basis

With defined contribution schemes the employer makes a certain contribution each year into an employee's pension savings account. Those contributions are invested and the accumulated sum at retirement is used to buy a pension.

Under SSAP 24, there is unlikely to be any problem accounting for costs with these types of schemes. It will simply be the aggregate amount of contribution made by the company during the year.

However, as its name implies, with a defined benefit scheme the pension benefit is pre-determined – usually related to years of service and earnings at or near retirement. Most company schemes still operate on this basis despite radical changes in the pension environment last year.

The cost of funding such salary-related benefits would be determined by the actuary advising the pension scheme, taking into account the overall aims and objectives of the employer in funding the pension scheme.

The method of assessment used by the actuary and his underlying assumptions will take into account the employer's objectives as well as the actuary's views and assessment of future investment returns, mortality and other factors relevant to assessing the funding rate for the scheme.

Under previous arrangements, actuaries have adopted very conservative assumptions, but have not specifically allowed for any future discretionary pension increases.

Such an approach has usually produced substantial surpluses in the pension scheme which have been used to pay discretionary pension increases or for any other purpose the trustees or employer might consider pertinent.

SSAP 24 accepts that calculating these costs is still the responsibility of the scheme's actuary. But it lays down the method of calculation – the so-called "accruals basis" – and requires the actuary to use his best estimates in ascertaining the cost. Post-retirement *pension increases will have to* be taken into account in calculating costs.

The result is that the SSAP 24 pension costs will be different from the actual payments and these costs will be brought into the accounts each year.

The standard also lays down other specific requirements relating to the pension scheme – the market value of the scheme's assets must be disclosed and the level of surplus or deficiency expressed as percentage of liabilities must also be shown.

In short, the financial position of company pension schemes will be much more transparent to shareholders and thus to possible predators.

Under previously normal conditions, the costs shown in the accounts under this standard would be less than the actual contributions paid. In that case the company would make an additional provision in the profit and loss account.

If, however, SSAP 24 pension costs are higher than actual payments, as is the likely situation at present, then the excess would be transferred to a special reserve in the balance sheet.

Actuaries and accountants are still assessing the practical implications of SSAP 24.

To start with the auditor needs to sit down with the scheme actuary and the *finance director ahead of the* audit process to establish in advance the basis of calculating costs for the accounts.

Next, actuaries expect that most finance directors will require the actual contributions to approximate to the costs in the accounts. This in turn will mean actuaries adopting more realistic, less conservative assumptions in their funding calculations and to take future pension increases into account.

The financial position of company pension schemes will be more transparent to shareholders

Finance directors are less wary of funding for future pension increases as long as these increases are still on a discretionary basis and not guaranteed. Employee representatives could take a different attitude.

One obvious result of SSAP 24 is that companies can no longer take the benefit of healthy pension surpluses *straight into distributable profits*.

If buoyant investment conditions continue, the situation could arise where by a substantial special reserve is built up in the balance sheet.

If the pension scheme is wound-up, then under SSAP 24 any special reserve is brought back into the profit and loss account in the year the wind-up occurs as well as any other profit created through the scheme's liabilities being reduced.

With the increased transparency that occurs, SSAP 24 will help predators assess more readily the pension situation and identify healthy pension schemes ready for stripping.

However, the immediate challenge for auditors is coming to grips with SSAP 24 for the first time.

The Institute of Chartered Accountants in England and Wales is holding a conference on the standard in mid-April and district societies will have access to the material for their members.

The Institute also intends to publish guidance notes before July.

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- Investigation work and acquisition appraisal.
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- Acting as "back-up" to the Chief Executive in "turnaround" situations.
- Financial and cash control.

In order to develop within this environment it is essential that candidates demonstrate:

- An easy ability to integrate well within a small professional and dynamic team.
- An obvious commercial mind with a mature, credible presence and a flexible and adaptable approach.
- Experience of a significant amount of special work preferably of an investigative nature or a high profile secondment.

This relatively unique opportunity offers significant rewards both in rapid career development and financial benefits (salary package contains a potentially high performance related bonus element).

Interested candidates who feel that they can respond to the above challenge should telephone Karen Wilson BA, ACMA on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

F M S
Search and Selection Specialists for Financial Management

BUSINESS APPRAISAL
Consultancy Roles in Corporate Finance

Vickers

£25,000 – £30,000 + Car
Central London

Through a policy of adapting to changing world markets, Vickers has evolved into a leaner and more competitive company than the engineering Group of past decades. There are now five principal businesses, each a leader in its field, including Rolls-Royce and Bentley Motor Cars. Now operating as a specialist in a variety of niche markets, this international Group aims to continue growing both organically and through selective acquisitions.

The Business Appraisal department is situated within Head Office. Because of recent developments, a number of executive positions have arisen within the department. The role involves optimising financial performance by analysing current and prospective activities. Considerable liaison with Board Directors, Divisional Chief Executives and external Consultants is required.

Principal responsibilities include:

- Acquisitions and divestment appraisals.
- Project, tenders and capital expenditure appraisals.
- Monitoring of subsidiary operational plans and performance.
- Corporate restructuring – both in the UK and overseas.

Successful candidates will be in their mid to late 20's, MBA's or qualified Accountants, possibly looking for a first move out of the profession. Broad commercial or corporate finance exposure would be advantageous. The position is a proven route to other commercial and financial directorships within the Group.

Please apply directly to Jonathan Wilkinson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545 or evenings on 01-672 0967. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

ROBERT HALF

Management Accountant

Central/South London £25,000 + f.e. car + bonus

Our client, British Satellite Broadcasting, has earned the reputation as the most exciting new venture of 1989. They are currently in the midst of preparations for their launch and flotation planned for October 1989 and have identified a need for an ambitious qualified accountant to join their highly motivated finance team.

Reporting to the Financial Controller, the role will involve responsibility for the company's budgetary control and management reporting functions, combined with playing a pro-active role in the growth and development of the company.

Candidates should be recently qualified accountants with at least two years experience of a large commercial organisation or some exposure within a broadcasting environment. Applicants should demonstrate enthusiasm and commitment in order to assist in the implementation of the company's ambitious growth programme. Excellent prospects and opportunities exist for the selected individual.

Interested candidates, who meet these criteria, should send a detailed curriculum vitae including current salary and daytime telephone number to Carol Jardine quoting reference LM476, to Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

£30,000 +

PRESTIGE CLIENTS
Seek high calibre ACA's and MBA's for consultancy and management positions.
Ring 0836-653216 or send CV to
H & B Associates,
(Business Consultants and Recruitment Specialists), 29/30 Warwick St, W1R 5RD

FINANCIAL CONTROLLER
Energy Management Services

Package c £35,000 + car **West London**

This growing company is part of one of Britain's largest public groups and is an acknowledged innovator in its expanding markets. It has developed exciting high technology products and services in energy management and conservation, with impressive plans for future growth.

Reporting to the Managing Director, the person appointed will be responsible for the financial control of the business, playing an important role in the commercial decision making processes. You will manage a team of nine, providing a full accounting service including project monitoring and control. You will be personally involved in arranging project financing with external institutions.

Candidates must be qualified accountants in their early thirties with a background of increasing responsibility in financial management, including experience of project accounting. Commercial acumen together with leadership and excellent interpersonal skills will ensure your success in this ambitious company.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L388.

Egor Executive Selection
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

STRATEGIC PLANNING – US MULTINATIONAL

City **Package to £30,000**

Our client is one of the world's top 25 corporations and a global leader in information systems providing management consultancy, communications products, computer software and network services to a diverse customer base.

Rapid expansion both organically and by acquisition has led to the immediate requirement for a young and ambitious individual to work closely with senior management at board level.

Working for the UK subsidiary which is responsible for information management and international operations outside the US, the successful candidate will be expected to maintain and enhance the already sophisticated planning process and the MIS.

Reporting to a young and dynamic manager, this individual can expect to contribute substantially to the future direction of the organisation and must be able to work to tight deadlines in a demanding environment.

Candidates should have experience of spreadsheets, capital appraisal techniques and exposure to a planning role within a marketing led, hi-tech environment. A knowledge of M&A activities will also be an advantage.

Prospects for promotion either internally or within the group are excellent as this is an extremely high profile role. The remuneration package will include a high base salary and car.

Interested applicants should telephone Keith Allen on 01-633 0866 (out of office hours on 01-928 8039) or write to him enclosing a detailed CV, at BIS Applied Systems Limited, Executive Selection Division, 20 Upper Ground, London SE1 9PN. Please quote reference G1589.

Financial Reporting Manager

Central London

£24,000 + Benefits

Our client is recognised as being one of the most advanced technological engineering and service Groups that operates worldwide. The UK headquarters operation has a wide corporate role which includes the monitoring and controlling of investments of approximately $2 billion and ultimately reports to the Group Financial Controller in New York.

Due to continual developments within the Group this position has arisen which will be a key function within the corporate team reporting to the US. The role is exciting and demanding for a newly qualified accountant aged mid 20's, who will have broad financial reporting, tax and treasury strategy responsibilities along with a variety of ad-hoc projects.

It is vital that candidates should have lively, energetic personalities not only to be able to work with the top Group management on a daily basis but also to progress within the Group. Good communicative skills and enthusiasm are essential for this role.

Please telephone or write enclosing full curriculum vitae quoting ref: 307 to:
Philip Cartwright FCMA,
57 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

KEY TREASURY APPOINTMENT

Major Corporation

The Company is a leading British engineering enterprise with substantial interests in the UK and abroad. Turnover is £3 billion annually.

The vacancy is aimed at the short term succession to the Group Treasurer who is being promoted elsewhere in the organization.

The successful candidate will be initially appointed Assistant Treasurer at the small headquarters in central London.

Experience should be based on senior treasury management in an international corporation backed by an accounting qualification.

Candidates must be able to demonstrate the personality and ability to contribute at the corporate level to the strategic development of the business which is very active both by organic growth and through acquisitions home and overseas.

An attractive income package is proposed.

Replies, in confidence, should be made to: D M Lewis, Lewis Briggs International, Suite 15, Harcourt House, 19A Cavendish Square, London W1M 9AD.

LEWIS BRIGGS INTERNATIONAL
MANAGEMENT CONSULTANTS

Management Accounting Manager

£30,000 + car + benefits

Hants/Surrey border – M3 corridor

This £30m division of a major international group and a market leader in information technology is seeking to appoint a Management Accounting Manager.

The successful candidate will report to the Managing Director and form part of the small divisional management team responsible for profitability, strategic development and growth. You will direct and control all aspects of management and project accounting and provide a pro-active financial analysis role to the profit centres.

This is an exceptional career opportunity for young qualified commercially experienced accountants, aged 25-35, who are highly motivated by success and profitability. It is essential that you are a good communicator *at all levels of management and are able to display sound professional skills.*

This appointment offers excellent career development with an attractive remuneration package which includes a fully expensed company car and benefits typical of a major international group, with relocation expenses where appropriate. For further details please telephone or send a CV in confidence to Keith Norman FCCA, quoting reference KJN/319 to:-

JACQUES SAMUEL & ASSOCIATES LIMITED
Financial & Executive Selection Division
2 Park Street, Hitchin, Herts SG4 9AH
Telephone: 0462 - 54761

Manager Business Reviews

Surrey based
c.£37,500 + car

One of the top 100 British controlled industrial groups seeks a Financial Manager to be a key member of its central staff. This is a very constructive performance orientated role far removed from traditional internal audit. Significant travel to UK and overseas profit centres is involved. Preferred age 30-35.

Candidates will be graduate qualified accountants (ACA, ACCA, ACMA) currently in blue chip companies or one of the big eight professional firms. They need not have internal audit experience, but high professional competence, application and information gathering skills are essential. There are real prospects of promotion.

For a full job description, please write to W T Agar at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting Ref.2298/FT.

JC&P Management Selection and Search
London, Milton Keynes, Wilmslow

PROFIT FROM YOUR ACCOUNTING AND AUDITING SKILLS . . .

. . . in a responsible management role

c£22,000 + car + excellent benefits
Banbury, Oxfordshire

Alex Lawrie, a subsidiary of Lloyds Bank plc, provides a range of financial services to all kinds of businesses throughout the UK. Our Receivables Financing company specialises in invoice discounting – a major growth area in commercial finance.

As Deputy Manager – Receivables Financing, you will be playing a key role *in the continued development of the* business, leading and motivating a team of around 20 and monitoring individuals' performance against agreed targets. Your brief will also include assessing and controlling the risks involved in lending, and ensuring that sufficient information and controls are in place. Some client liaison will also be involved.

A qualified Accountant with at least 2 years' post qualification experience, you'll need to be a first class man-manager and an efficient organiser. The 'people skills', confidence and credibility to develop and maintain good working relationships with colleagues and clients alike are essential. Experience of the financial services sector would be an added advantage. Whatever your background, you'll have the potential to develop your management career with a highly successful and expanding group.

On offer is an extremely valuable range of benefits including a generous mortgage subsidy, regular salary reviews, profit share, Christmas bonus and a first class relocation package where appropriate.

If you think your career will profit from an initial meeting, telephone or write for an application form, or send a comprehensive CV to Ian Beeson, Personnel Manager, Alex Lawrie Factors Limited, Beaumont Road, Banbury, Oxfordshire OX16 7RN. Tel: (0295) 272272.

Alex Lawrie

Financial Controller

MIDDLESEX **c£26,000 + Car + Benefits + Bonus**

Our client a subsidiary of a major international group, is involved in the design, assembly and marketing of a comprehensive range of specialist power supply products for the aviation and computer industries.

Based in the U.K. the company also has extensive business operations in the U.S. As a result of significant growth, the Board now wish to appoint a Financial Controller, who will manage the entire finance function and work closely with the Managing Director on the future growth and development of the business.

Candidates will be qualified Chartered Accountants, aged in their 30's, who have gained excellent commercial/industrial experience to include systems development and implementation.

Please send a full C.V. with handwritten covering letter to R. N. Collier, quoting reference M.111.

MOORES & ROWLAND
Clifford's Inn
Fetter Lane, London EC4A 1AS
MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED
A MEMBER OF MOORES ROWLAND INTERNATIONAL

PERSONAL ACCOUNTANT

Windsor **Salary £25-£32,000**

Private investor with substantial funds requires an experienced accountant (aged 30-50 years) to assist with the management of a mixed international investment portfolio. Knowledge of all types of financial markets, banking and taxation is essential.

The successful candidate will need a sound background in computing and be comfortable working in a small company environment. Commitment, confidentiality and reliability are key attributes for this interesting and varied appointment.

Please write with full career details to Lesley Maclean, On Top Recruitment Ltd (Recruitment Consultants), Astral House, 125/129 Middlesex Street, London E1 7JF.

FINANCE DIRECTOR
THE HENRY BARRETT GROUP PLC

c£22,000 + bonus **Executive Car**

With outstanding performance over recent years our client, The Henry Barrett Group, attributes their success to a highly motivated and professional management team and their aggressive acquisition programme.

The Group, a PLC with interests in steel buildings, steel stockholding and services, proprietary engineered products and the manufacture of materials handling equipment had a group turnover in 1987/88 approaching £60M.

They are now seeking an experienced *Finance Director* to assume responsibility for one of their subsidiary companies with an annual turnover of c.£5M. Reporting to the Managing Director, duties will involve responsibility for the total financial management of the company's interests. Through the financial department's staff of 5, the successful male or female candidate will ensure monthly management accounts, annual budgeting, statutory requirements and the provision of management information etc. are all handled in an accurate, timely, professional manner. The devising and implementation of computer systems also falls within the responsibilities of the role.

Candidates will ideally be in their mid 30's, qualified to a minimum ACMA or ACA and have experience of an engineering environment. It is essential that candidates have experience of designing and implementing computer systems.

Conditions of employment are as you would expect for an appointment of this stature and include an excellent salary, potential bonus earnings up to £5–10K, executive car, contributory pension scheme, life assurance, family health insurance, share option scheme and salary continuation insurance. Relocation assistance is available if appropriate.

Please write in the first instance to *Mr B.H. Osbiston, the consultant* advising on this appointment enclosing your C.V. and current salary details and stating any other relevant facts in support of your application.

THE MAWDSLEY CONSULTANCY
The Carrington Centre, The Green, Eccleston, Chorley, Lancs, PR7 5SZ.

Finance Director

NORTH KENT **c£35,000 + Car + Full Benefits**

Our client is a highly successful Group operating European Express transport and distribution with over 30 branches throughout the U.K. and Europe.

The Group are rapidly expanding their operations with an aggressive programme of new services and acquisitions with the ambition of flotation and wish to appoint a Group Finance Director to oversee the accounting and finance functions and work closely with the Chairman in the development of the business.

The successful candidate will be a qualified Accountant aged 32-38 years with first class commercial/industrial experience, strong management and personal leadership skills and systems implementation. European travel involved.

Please send a full C.V. with handwritten covering letter to R. N. Collier, quoting reference E.129.

MOORES & ROWLAND
Clifford's Inn
Fetter Lane, London EC4A 1AS
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FINANCE MANAGERS
MADRID & STOCKHOLM

Experience of Spanish or Swedish statutory requirements and will need to be bilingual. Responsible for all financial accounting procedures. 200-250 Krona and 6 million Pesetas. Call Angel International Recruitment 01-583 1661 JC or CB

هكذا من الأصل

FINANCE DIRECTOR

NW1

£35-40,000 +Profit Share +Car+BUPA

THE ART GROUP LIMITED

The Art Group is a private company with a current turnover of £7m, a 100% increase on the previous year; it is involved in the publishing, wholesaling and retailing of high quality Art posters. The group was formed following the successful acquisition of the Poster Shop by the publishers, Bancrest. The efficient integration and subsequent development of the group is a direct result of a highly motivated and ambitious management team. The company's policy is that of continued and aggressive expansion both in the U.K., and also by increasingly pursuing acquisition and new business opportunities in the multinational market place.

The company now wishes to appoint a Financial Director whose role will be to control and develop the existing financial function. Responsibilities will be to provide a full monthly management accounting package as well as a rapid response to requests for information on a continuous basis. This will be in addition to the production of a full range of statutory and financial data, including reports to the Institutional shareholders. The position will play a significant role, as a member of the board, in the continuous *development and implementation of the strategic plan, which* will include the acquisition process.

The successful candidate will be a qualified ACA, likely to be aged under 40, who has had a minimum of 5 years commercial experience to date, ideally in a similar or related industry. You will be ambitious and commercially minded, possessing drive and business flair. Yet, you will be able to deal efficiently with the day to day financial requirements of this fast expanding company. You will have a good knowledge of computer packages and be able to constantly develop the *financial function so it will* continue to make a positive contribution in the rapidly changing environment. Finally, you will have a strong and outgoing personality, able to work effectively within the group's open management style and play a major role in the continued success of this group.

For further information write to ***Mark Spickett*** *at the address below or alternatively telephone him on* ***01-629 4463.***

OLIVER McKENZIE

A MEMBER OF THE HARRISON WILLIS GROUP

Cardinal House, 39-40 Albemarle St., London WIX 3FD. Tel: 01-629 4463

TREASURER

'A new and challenging role in a changing environment'

West Yorkshire — **to £35,000 + car + benefits**

Privatisation of the Electricity Supply Industry in 1990 will result in exciting opportunities for Yorkshire Electricity. As part of the forward planning for privatisation, our client has identified a requirement for a Treasurer to manage and develop a professional treasury function.

Reporting to the Finance Director, this is seen as a key role in an organisation with an annual turnover in excess of £1 Billion. Specific responsbilities will include:

- **development and management of banking relationships**
- **implementation and management of treasury systems**
- **cash management**
- **interest rate risk management**
- **funding**
- **advising on the treasury aspects of Corporate Strategy**

Candidates, aged 28-35, should be professionally qualified in treasury management, accountancy, banking or commerce and possess a minimum of three years treasury experience gained at management level within a medium/large PLC. Familiarity with the latest techniques available to the Corporate Treasurer and an appreciation of corporation tax planning is considered important. The successful candidate will also be able to demonstrate:

- **the ability and maturity necessary to establish a new function within a fast changing environment.**
- **excellent communication skills.**
- ***a capacity for innovative* thought.**
- **assertiveness with tact.**

The appointment offers an excellent salary, benefits package and considerable career development opportunities. Relocation assistance will be provided where appropriate to this attractive part of the UK. Interested applicants should send, (in confidence), a detailed curriculum vitae (including current remuneration) to **Steve Jandrell, Spicers Consulting Group, 12 Booth Street, Manchester, M60 2ED.**

SPICERS CONSULTING GROUP

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Newly/Recently Qualified Accountant

DIRECTING DECISIONS

Fund Management Operations — **£24K + Bank Benefits**

As part of a leading financial services organisation, our client is a dominating force within the Fund Management markets. Their reputation for consistently providing significant returns on investment ensures that their client base is both competitive and growth orientated.

Accurate financial analysis of the investment markets is of course a crucial phase in the investment decision process. A qualified ACA is required to head up a substantial team providing Fund Managers with financial information, and to take on full responsibility for Treasury Services.

Reporting to the Manager of Investment Services, this position calls for a technically strong individual, aged 25-27, with excellent man-management and interpersonal skills, together with an understanding or *strong interest in investments and financial management. An ability to work with advanced financial* computer systems would be an advantage.

Based in Central London, this high-profile role is at the heart of the business, involving a fundamental contribution to commercial issues and considerable liaison with Fund Managers.

Career prospects include opportunities to develop in a variety of financial roles either within this division or in any one of a wide variety of areas throughout the organisation as a whole.

Please write, in confidence, enclosing a full CV, quoting Ref: A244 to **Charles Austin** at Mervyn Hughes International Ltd, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114.

Manager European Audit

Intel's reputation in the computer systems and microcomputer components market is well known: a dominant position is being progressively consolidated in major areas of leading edge technology in thirteen European countries.

- The European Audit group occupies a strong and influential position within Intel's financial world, and planned career movement now demands the appointment of a MANAGER – EUROPEAN AUDIT who is capable of *enhancing* and developing the existing audit strategy and function: the position reports to the European Finance Director and Director of Internal Audit in the United States.
- Personal qualities will include a well developed communications ability, with a proven record of success in an open, results orientated, performance driven environment.
- The background requirement is for a qualified accountant with up to 8 years post qualifying experience including supervisory exposure, which may have been gained in practice, or preferably at headquarters level in a multinational company.
- The remuneration and benefits package, including bonus, car, relocation and stock plans is of a level commensurate with the seniority of this position.

For an informal discussion or more information, call Richard Taylor or Ray Withey on 0793-696000. Alternatively, send your CV to: Ray Withey, UK Employee Relations Manager, Intel Corporation (UK) Limited, Pipers Way, SWINDON SN3 1RJ

intel

Financial Director (designate)

Hampshire

c.£30,000 plus car and benefits

Our client is a long-established family company with interests in plant sales and hire. It has established an enviable blue chip client list throughout the UK and is also the UK agent for a number of prestigious overseas manufacturers. The company is very profitable, with an impressive asset base, and is ready to expand from its solid core business.

There is now a need to recruit a Financial Director (designate) to take responsibility for all the company's financial and management reporting. The FD (des) will report to the Managing Director, and will be an important part of the management and of the acquisitions team.

You should be a qualified accountant in your thirties, keen to join an established business as it begins a major growth phase. You should have manufacturing and computerised costing experience, and be comfortable in an environment where no one stands on ceremony.

If you believe you have the skills and experience required, please reply to Geoffrey Rutland ACA ATII, quoting ref 1556, giving concise career and salary details, and a daytime telephone number, or call him on 01-583 3303 (office) or 01-878 8395 (home).

BDO BINDER HAMLYN

BDO Binder Hamlyn
Management Consultants
8 St. Bride Street
London EC4A 4DA

Newly/Recently Qualified Accountants

INDUSTRIAL MANAGEMENT CONSULTANCY

Nationwide Opportunities — **To £25K + Car + Benefits**

With a turnover in excess of £2.5 billion, this diverse quoted UK group epitomises Britain at its best. They are market leaders in the development and manufacture of a wide spectrum of products which support fmcg manufacture both here and internationally.

Their operation comprises a range of decentralised business units, strategically located throughout the UK, each with a specific market focus and supported by a Management Services Division which troubleshoots throughout the Group. The division comprises a centre of excellence in business/financial management and provides independent consultancy, on a fee basis, to all of the group's operating units. A small number of qualified accountants are now sought, preferably aged between 24-29, to join this elite team operating throughout the South East, Midlands and North of England.

Reporting directly to senior management, you will advise on a broad range of financial issues, covering topics as diverse as capital investment, acquisitions and systems development. You will also work extensively with operating divisions in improving the performance of their financial management. However, due to the varying size, nature and complexity of each business unit, there is no such thing as a typical day. Essentially, you'll need to be prepared to expect the unexpected.

These positions represent an outstanding opportunity to gain the broadest possible exposure to business and will therefore open up numerous career avenues, either within financial/business consultancy or general business management.

Please write, enclosing a full CV, quoting Ref: A243, to Simon Hewitt or Julia Church at Mervyn Hughes International Limited, Management Recruitment *Consultants, 63 Mansell Street, London E1 8AN. Telephone 01-488 4114.*

Group Management Accountant

Specialist Retail Group

London,

To £30,000, Car

This group of companies with a turnover of around £50m and branches countrywide is part of a substantial British retail plc. It has a firmly established high public profile and an international client base.

The new group management accountant will be a key member of the senior head office accounting team reporting to the group finance director and liaising regularly with the other directors and senior managers. Responsibilities centre around the provision of accurate and timely information both internally and to the group holding company utilising MIS and will include managing the treasury function.

Candidates should be qualified accountants ideally in the 28-32 age range with a management, chartered or certified training and some commercial post-qualifying experience incorporating management accounting. The negotiable *salary is complemented* by a company car and good benefits with excellent opportunities for progression either internally or in the parent organisation.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *S.J.A. Nicholson, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738, quoting Ref: H18034/FT.*

Hoggett Bowers

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At a career crossroads We are looking for mature people aged 25-55 with an industrial or professional background to be trained to offer a wide range of financial services to businesses, professional intermediaries and individuals (income is limited only by your own ability and determination, we offer an attractive package as well as commission) Telephone 01-886 0155.

New Appointment

Manager—Litigation Support

£20,000-£25,000 (negotiable) plus car
Birmingham Based

Price Waterhouse is recognised as *one of the major firms of Accountants* and Management Consultants, worldwide.

With the world becoming ever more litigious the firm has recognised the importance of being able to offer to clients and to the legal profession advice on quantum in legal disputes. A litigation department is therefore being set up *in Birmingham office* headed by a senior partner. This initiative demands the recruitment of an experienced manager to take a lead role in developing this service.

The position calls for a Chartered Accountant, probably qualified for three or more years and able to work under pressure, who has a meticulous and dedicated approach to document review and is able to extract relevant data and prepare accurate, detailed reports. The manager will spend the greater part of his/her time assisting instructing Solicitors and Counsel in the financial interpretation of legal *arguments, in building* relationships with the litigation departments of leading firms of solicitors particularly in the Midlands and encouraging and developing expertise already within the firm's Birmingham office.

This is a highly interesting and rewarding area where no two cases are ever the same. The successful candidate can expect first class professional career progression within Price Waterhouse.

Send a full C.V. detailing your current salary and quoting reference number MCS/8850 to Jim Mitchell,
Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham
B3 2JB

Price Waterhouse

Finance Director (Designate)

East Midlands **c£27,500 + Car + Benefits**

Our client is a highly successful subsidiary of a newly formed private group, which markets a range of high quality printed products to Blue Chip customers. The company has a turnover approaching £14 million and operates on a totally autonomous basis but with excellent support from the wider group.

Owing to a recent promotion within the group, the company now has a requirement for a Financial Director (Designate) to assume control of all financial, company secretarial, data processing and purchasing activities. The successful candidate will be expected to become involved in the wider aspects of the management of the company, acting as the recognised number two to the Managing Director.

Candidates should be qualified accountants (ACA/CIMA/CACA) aged 27-35 with a broad base of financial management experience to date and a commercial business outlook. Essential qualities will include drive, determination and the strength of character to manage a rapidly changing environment.

The group offers exceptional potential for future advancement to more senior financial line roles and ultimately into general management, therefore only candidates with the necessary entrepreneurial flair need apply.

If you feel that you can meet this challenge please contact Ian Leech at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX or telephone him on (0602) 483480. (Fax (0602) 410125).

MP

Michael Page Finance
International Recruitment Consultants
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Chartered Trust

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Cardiff **Excellent Salaries + Benefits**

Chartered Trust is one of the country's leading finance houses with a national network of over 100 offices offering a wide range of financial services to the consumer and corporate markets.

Career opportunities exist for ambitious professionals at our head office in Cardiff. If you are a qualified accountant seeking a new challenge then we'd like to hear from you.

The competitive benefits package includes mortgage subsidy and profit sharing schemes and a remuneration system which recognises and rewards merit.

For further information contact:
Accountancy Personnel,
Summit House,
9-10 Windsor Place,
Cardiff CF1 3BX.
Tel: 0222 222500

TARTAN

FINANCIAL CONTROLLER

Cambridge **c£25,000 + Car**

The inception of the Tartan Group in 1984 saw the start of a totally new approach to the commercial property marketplace. The product offers their client a complete package of building design, development and construction, affording the cream of expertise in each professional field geared for his benefits.

The level of business is more than matching expectations and with a projected turnover of £7 million for the current financial year, the time is right for the appointment of a strong, forward thinking Financial Controller to take the finance reins within the senior management team.

As a young (up to 35 years) qualified accountant, your background will have prepared you to assume control of an established accounts function but with an eye to its imminent development and improvement. Initially applying a gritting "shirt-sleeves" approach, you will also enjoy setting a pace to match that of a demanding Managing Director, providing timely financial status reporting and ongoing management and development funding advice.

If you are ambitious, have excellent interaction skills—particularly with non-accounting personnel—and a bright and loyal personality then we need to meet you NOW ...to discuss this superb opportunity and salary package.

For further information contact:
Accountancy Personnel,
2nd floor,
Janus House,
45 St Andrews Street,
Cambridge CB2 3AH.
Tel: 0223 461369

ILEX

EUROPEAN ACCOUNTS CONTROLLER

Woking **£Neg + Excellent Benefits Package**

Go ahead hi-tech American multi national company who due to expansion are seeking a qualified accountant, to oversee the accounting function of 7 European subsidiaries, resulting in regular European and U.S travel.

The successful applicant will demonstrate a "Hands-On" approach with a proven track record of achievement, preferably within a hi-tech environment and have the capacity to develop at the pace being generated within the organisation.

Ideal opportunity for a motivated self starter who will thrive in this challenging environment.

For further information contact:
Accountancy Personnel,
2nd floor,
Pearl Assurance House,
High Street,
Woking GU21 1XJ.
Tel: 0483 757774.

Accountancy Personnel
Placing Accountants First
Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

FINANCE DIRECTOR
Luxury Motor Cars

c£40,000 p.a. + Car + Usual Benefits **West London**

This is an outstanding opportunity for a qualified Accountant well-versed in the financial disciplines of the retail motor trade, preferably with some experience of vehicle leasing and contract hire, to join the board of a company poised for dramatic growth.

Backed by substantial funding and benefitting from a blue-chip client base the company specialises in the highly profitable executive car sector of the business including such marques as Rolls-Royce, Bentley, Ferrari, Jaguar and Range Rover.

On achievement of the profit objectives the personal rewards for the successful applicant will be considerable.

Applicants aged under 40, must possess all-round financial and accounting knowledge with the ability to define and implement the computer systems necessary to control and monitor business activities.

In addition to a basic salary negotiable c£40,000 p.a., a car will be provided, together with health cover and a contributory pension scheme.

In the first instance applicants should send a brief but meaningfull C.V., including details of current earnings, to Brian Hodges acting as advisor to the company. Alternatively telephone Epsom (03727) 44311 for an application form.

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RESOURCE HOUSE, 8A HIGH STREET, EPSOM, SURREY KT19 8AD

Group Accounting Manager

West End to £32,000 + Car + Benefits

Our client is a highly profitable quoted Investment Group with net assets in excess of £½Bn. Reporting to the Group Chief Accountant the successful candidate will control a staff of eight engaged in the preparation of budgets, monthly and statutory accounts, ad hoc excercises and ongoing development of computer systems for the Group and its subsidiaries. Flexibility, strong technical accounting skills and the ability to fit into a close knit team renowned for its professionalism are essential qualities. Applicants should be Chartered Accountants 28-35 who are currently at Managerial level in Practice or possibly a large Commercial Group. In addition to attractive salary benefits include, fully expensed car, bonus, share option scheme, non contributory pension scheme, BUPA, luncheon allowance and 5 weeks holidays. Applications to R.J. WELSH.

Reginald Welsh & Partners Ltd

Financial Controller

High profile commercial role with the emphasis on change and development.

c. £25,000 + bonus + car **South London**

Part of a large International Group this U.K. Company with a turnover of £6m has an excellent reputation in the Building Services Maintenance Industry. The Company's plans to grow organically and by acquisition will take it from its present position to become Market Leader.

The recently appointed entrepreneurial Managing Director requires a Financial Controller to assist him in achieving the Company's ambitious objectives. In this highly visible role you will be totally responsible for the Financial Management of the Company and have the freedom to develop appropriate management information systems and to inject new ideas and thinking into the Company's financial strategy and planning. You will also be responsible for broadening the role to encompass company secretarial issues.

Aged 27-35 you should be a qualified accountant with management experience, ideally gained in a professionally managed service environment. Your knowledge of computerised accounting systems must be complemented with the ability, flair and commitment to make a significant contribution to both the commercial and financial management of the Company.

If you are ambitious and results orientated this opportunity offers an exciting career move together with a comprehensive range of benefits.

Please send your c.v. including current salary to Richard Simpson, Ref. 37501, MSL International (UK) Ltd, Pilgrim House, 2/6 William Street, Windsor, Berkshire SL4 0BA. Tel: (0753) 842044.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

ST PANCRAS HOUSING ASSOCIATION
FINANCIAL CONTROLLER/COMPANY SECRETARY

c. £25 K plus attractive benefits package

St Pancras Housing Association is an expanding organisation working in Camden, Islington and Enfield to provide homes for the homeless and others in need.

We are seeking a Financial Controller in a hands-on role who will contribute substantially to the continuing development and management of the Association, reporting directly to the Chief Executive as a member of his management team and who will also act as Company Secretary.

You will be responsible for the financial and management accounting functions with the key objectives of improving management information and control systems, completing the restructuring of the finance department; and playing a key role in upgrading the computer systems over the next 12 months.

You will be a qualified accountant with some years experience in either the private or public sectors; and you will have managerial ability, commitment, flexibility and good communicative skills.

It is anticipated that following the successful restructuring of the department the right person will develop the role to one of Financial Director who will play a key role as the Association expands its activities to build on its success over the past 60 years.

For further information please contact:

Barbra Dalzell
Personnel Officer
St Pancras Housing Association
St Richard's House
90 Eversholt Street
London NW1 1BS
Tel: 01-380 1272

Closing date: Friday 10 February 1989

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FINANCE DIRECTOR
INFORMATION SERVICES

London **to £45,000 + benefits**

This is an exciting opportunity to join a highly successful company which provides on-line financial information, both real-time and historic, to the financial community. It is part of a major US computer services corporation, and handles not only UK clients, but also has a significant European business.

Reporting to the Managing Director, you will complement and support his drive with your financial and commercial skills. Your responsibility will be for all financial aspects of the company, including a small finance department and the provision of strategic financial direction at board level. You will also have specific responsibility for developing financial systems.

You will probably be 35 - 45 with a good degree and an accountancy qualification. You will need to show at least eight years' progressive experience in a service industry at senior level.

It is important that you have had experience of technological services in a business-to-business environment. International exposure, including multi-currency reporting, would be a distinct advantage.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref. 3001 to Bruce McKay, Executive Selection Division.

Touche Ross
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

Senior Internal Auditor

Birmingham **£19,000-£24,000**

We are seeking to appoint a Senior Auditor who will work closely to our Chief of Internal Audit.

Leading a small team using modern audit techniques, the person appointed will investigate and recommend improvement to our accounting and other control systems within our District Offices.

Applicants will preferably be qualified accountants with audit experience, good communication and management skills as well as financial and commercial expertise.

Periods of travel in the Midlands, Wales and South West are involved.

Starting salary will be within the range quoted depending on personal experience and qualifications. There is an excellent leave allowance and an optional contributory pension scheme (currently 6.7% of salary).

If you feel you meet our requirements please forward your application with accompanying CV to: Andrea Jarvis, Resourcing Duty (Counters), PIRCS/Personnel, PHQ Chesterfield, Chetwynd House, CHESTERFIELD, Derbyshire, S49 1PF. Tel: (0246) 217427.

Closing date for applications is 9 February 1989.

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FINANCIAL CONTROLLER/ PUBLIC RELATIONS

CENTRAL LONDON

£25-27,000 + CAR + BONUS

SUBSTANTIAL EXPANSION of their London operations has meant that this subsidiary of an internationally renowned group need to recruit a young highly motivated accountant. Because of the nature of their business the company are seeking a 'people' orientated candidate who is capable of operating in a fast-moving intellectually demanding environment.

The key tasks will be to manage and motivate a large team whilst looking to the improvement of management information systems for both routine and ad-hoc reports. An interest in computers and an ability to extend and improve the use of mainframe and p.c. systems will be a prerequisite.

Candidates should have qualified in the last three years and whilst a service company background or knowledge of large scale billings systems would be useful, personality and communication skills will be particularly important. Promotional prospects are excellent both in-house and throughout the parent companys' operations.

Interested candidates should contact GORDON MONTGOMERY for further information or send a C.V. Telephone 01-629 8863. Fax 01-408 0961.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 01-629 8863

INVESTMENT BANKING

City-based U.S. investment group requires Investment Banker, with minimum 6 years' relevant experience, to include M&A and equity-related products, preferably gained with major U.S. company, and fluent Japanese/English. Position responsible for marketing and back-up support of European products to Japanese client base in Europe; daily liaison with Tokyo investment banking unit; and provision of M&A back-up to senior management.

Salary negotiable. Applicants aged 30-35 and educated to degree standard should write in strictest confidence, enclosing full cv, to Box A1121, Financial Times, 10 Cannon Street, London EC4P 4BY

International HQ

West Midlands **mid 20's** **to £25,000 + car**

This is an exceptional opportunity to establish a sound career base in industry with extensive opportunities for personal development within the headquarters or into operational areas. Our clients are a £1 billion plus group operating internationally in a "high-tech" industry. An opportunity has arisen for a talented qualified accountant to join the group finance function which is responsible for the production of management and statutory accounts using "State of the Art" technology. The environment is, therefore, professionally stimulating but with a significant commercial bias so that good communication skills are as important as strong technical ability. Ref: 1683/FT. Send c.v. (with current salary and daytime telephone number) or write or 'phone for an application form to R A Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

UNIVERSITY OF SOUTHAMPTON

CENTRE FOR MANAGEMENT STUDIES

Appointment of Director

The University is seeking a *Director for its new Centre for* Management Studies which is intended to play a leading role in postgraduate management education initially in the Wessex area but eventually nationally and internationally. The post provides an exciting opportunity for a highly motivated and resourceful person to launch the Centre, including the planning and introduction of a new MBA course. First class facilities will be made available in a new management development centre and the Director will be encouraged to draw upon existing teaching and research strengths of the University.

The Director will work closely with local industrial, public sector and educational organisations in order to create a partnership designed to improve still further the provision for postgradudate management education in a region of fast growth. Experience at *a senior level in both* industry and education would therefore be a distinct advantage. The salary will reflect the importance the University places on the post and a Professional appointment may be available to a candidate with appropriate qualifications and experience

Further particulars are available from the Staffing Secretary, The University, Southampton, SO9 5NH, Tel: (0703) 593353, to whom *completed applications should be returned by 24* February 1989. Ref. FT.

Director of Finance

UEA NORWICH

The University of East Anglia invites applications for the post of Director of Finance, to replace Mr R.A. Newstead who retires in summer 1989.

The Director of Finance is responsible for the financial *management of the University, including financial planning,* budgets, forecasts and financial systems and controls. The University's Annual Income is around £30m, from a wide variety of sources.

We are seeking to appoint a qualified accountant with substantial experience at a senior level in financial management, not necessarily in education, who will be able to respond to the challenge of the rapidly changing financial environment of universities.

UEA is currently celebrating the 25th anniversary of its foundation in 1963. It is located in the attractive City of Norwich, within one of the fastest growing regions in the country.

The salary will be by negotiation, but is unlikely to be less than £30,000 per annum.

Informal enquiries concerning the post may be made to Mr M.G.E. Paulson-Ellis, Registrar and Secretary, by telephoning 0603 59 2208. Applications (five copies), giving full particulars of age, qualifications and experience, together with the names and addresses of three persons to whom reference may be made, should be lodged with the Registrar and Secretary, University of East Anglia, Norwich, NR4 7TJ, no later than 28 February 1989.

The University is an equal opportunities employer.

Financial Controller

Halifax, W. Yorkshire
c. £25,000 + car

A rapidly expanding distributor of capital equipment with a wide range of commercial customers and an eight figure turnover seeks a Financial Controller to be directly responsible to its main Board. This is a total finance role, including all treasury and systems matters.

Ideally aged 28-40, you should be a qualified accountant with a track record of achievement in the management of a significant profit centre in a fast moving commercial environment. Your successful performance and genuine contribution to company strategy will be quickly recognised.

For further information please send your CV to Peter Purdon at John Courtis and Partners, 26 Church St, Wilmslow, Cheshire SK9 1AU, quoting ref: 849/FT.

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£25
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For further information Contact

on 01-248 8000

Elizabeth Rowan
Ext 3456

Wendy Alexander
Ext 3526

Patrick Sherriff
Ext 4627

FINANCIAL CONTROLLER
LONDON

International Art Dealers — **c £30,000 + car**

This is a new appointment arising due to continuing rapid expansion in a highly profitable group which operates six London galleries. Turnover, currently in excess of £25 million, includes a significant export content.

Reporting to the Financial Director and supported by a staff of five, the successful candidate will be expected to improve financial reporting and controls and to implement computerised systems, as well as managing an efficient finance function.

Applicants should be qualified accountants in their thirties or early forties, who are *familiar* with the demands of a small, fast-moving business. They must combine a shirt-sleeves approach with the ability to think about the figures they produce, anticipating problems, responding promptly to the needs of management and displaying commercial awareness.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting reference 3005, to G J Perkins, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

FINANCE DIRECTOR

Food products
Suffolk
c.£30,000 + bonus

A Subsidiary of a substantial British plc, this autonomous company manufactures a range of specialist products for the food industry, both for the UK and overseas. As a key member of the board, the Finance Director must make a significant contribution across the company's operations, both at strategic level and with systems problems, while managing the Finance and DP Department effectively. The critical ability is to get things done in a fast-developing environment. Candidates must be familiar with the standards of a large group, and be able to work successfully in the smaller enterprise. They will ideally be graduate accountants (probably in the 30s) with potential for career development. Senior executive benefits, including a quality car and relocation arrangements, will be provided.

Please send full cv indicating current salary, in confidence, to Michael Egan, Ref: 2951/MJE/FT PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage

Chief Accountant

Telecommunications — Saudi Arabia
£30,000 + Substantial Annual Bonus + Car

Our client is a dynamic joint venture company between a reputable international group and a Saudi conglomerate. With branches throughout the Kingdom, the company's penetration of the telecommunications market is both impressive and accelerating.

Based at Head Office in Riyadh, the Chief Accountant will be responsible for sixteen staff involved in all the accounting and financial activities, including regular and timely reporting to the partners, general ledger, accounts receivable and payable, cashflow and budgeting. The system is IBM computerised and there is a responsibility to oversee the DP function.

Candidates, probably aged 28+, should be qualified accountants with proven experience outside the profession, and have hands on attitude, ideally gained in a commercial environment. Good delegation, liaison and man-management skills are *critical. Total familiarity with Lotus 123 or a similar program is essential.*

In addition to a tax free salary, benefits include annual bonus, free married accommodation, medical care, generous paid annual holidays, tickets for home leave and renewable contract, end of service bonus, subsidised school fees.

Please write in confidence, enclosing your up-to-date C.V. to G. E. Yazigi, quoting ref. 1276.

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MSL International

FINANCIAL CONTROLLER

Paper Distributors
c £35,000 + Car + Benefits Maidstone

A nationally known and successful private company requires a Financial Controller. The company has a turnover in excess of £50 million with plans for future growth and diversification. The position is an excellent career opportunity for an individual seeking a significant new challenge.

The Financial Controller will report to the Managing Directors and will be closely involved in day to day management as well as planning for the future. Responsibilities will include the development of reporting systems, financial planning, cash management and the supervision of staff together with investigating opportunities for expansion.

Applicants must be professionally qualified Accountants, preferably aged between 30 and 40. The role requires several years' experience in a medium size company, ideally preceded by an early career in a major accounting practice. The applicant must have strong communication skills. Knowledge of German would be helpful.

Please apply in writing, enclosing a full C.V., in the first instance to the Company's auditors Roger Lugg & Co., 12/14 High Street, Caterham, Surrey, CR3 5UA.

FINANCIAL CONTROLLER
Film Production

Circa 30k & Car — **Age 30-45** — **Location: Middlesex**

A film production company established in 1986 with a substantial backing from a city financial institution is now seeking a Financial Controller. The company has two major films and a musical release to its credit and ambitious growth plans for the next three years.

Applications will be qualified accountants and ideally gained significant experience in film production or a closely allied industry. In addition the successful candidate will have strong communication skills and be able to operate in a demanding environment. Based at the company's head office the responsibilities will include:

* Introduction of a financial control system using a micro computer.
* Cash management.
* Preparation of business plans and feasibility studies.
* Liaison with legal advisors, financial institutions and principals.
* Company secretarial duties.
* Royalty control and payment.

The package will include a company car, life assurance and pension. There are excellent prospects for a board appointment in due course. Please write enclosing a full C.V. to: **A Gilbert-Johns**

KBC Management Consultants
Minstrels, Fawley Court Farm, Nr Henley on Thames, Oxon RG9 3AW
Telephone: 0491 576465

Jarden Morgan Europe Group

HEAD OFFICE ACCOUNTANT
MONACO

Jarden Morgan Europe is a successful and rapidly expanding financial services group formed two years ago, with a capital base of US$ 60 million. The core activities of the group are stockbroking, corporate finance, international trust and corporate management, investment banking and funds management. The group presently has offices in London, Paris, Luxembourg, The Hague, Gibraltar, Jersey and Monaco.

The head office accountant, based in Monaco, will be required to assist the executive financial director in all aspects of the financial control and administration of the group. The ideal candidate would be a chartered accountant, aged between 25 and 30, with at least two years experience outside the profession within the financial services sector. French is not required. There is a profit sharing scheme in operation. The salary is generous, negotiable and tax free.

In the first instance, please telephone or send a brief CV by fax or post to
Vicki Carr, Jarden Morgan Europe (UK) Limited
1-11 Hay Hill, Mayfair, London W1X 7LF
Telephone 01-493 3003 Facsimile 01-499 0487

MANAGEMENT ACCOUNTANT
—with commercial experience

c.£24k + car (fully expensed)
Hayes · Middlesex

Safeway plc, the main trading subsidiary of the Argyll Group, is committed to a major expansion programme which includes the conversion of our large Presto Supermarkets to the Safeway concept. Current sales are in excess of £3.4 billion.

In this dynamic, blue-chip *organisation, the role of* Management Accountant involves the detailed analysis and interpretation of company results and performance. Using sophisticated mainframe systems, you will make wide-ranging *recommendations for the future and* contribute to the on-going development of the business. Constant liaison with other divisions, particularly Trading, Distribution and Marketing, will be a key aspect of the role.

Candidates will ideally be qualified accountants but, above all, will have at least two years' relevant *experience in a commercial* environment. Future prospects are excellent.

To apply, please write with full career *and salary details to:* Paula Taylor, Personnel Manager, Safeway plc, 6 Millington Road, Hayes, Middlesex *UB3 4AY. Tel: 01-756 2131.*

SAFEWAY

Assistant Manager Compliance

c.£26,000 + car + benefits

Our client is a major International Investment Management Group in the *City with £8 billion funds* under management. To strengthen their Compliance Department they seek a *Newly or Recently Qualified Chartered Accountant.*

Ideal applicants would be aged 25-35 with initiative, self-confidence and ambition to progress in what is emerging as a growth area in the financial services sector; and there is ample scope for career advancement in the Group.

Please reply with career details to Tony Burden, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD, quoting ref. BH.424.

ESD

ESD is the Executive Selection Division of EAL International

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday January 26 1989

INSIDE

Boom time in Toon Town

Walt Disney, the US entertainment group, reported the best quarterly performance in its long history, thanks to a string of successes from its revitalised film business. It released only 12 pictures last year, including three of the six most successful films: the No 1, Who Framed Roger Rabbit? (with gross revenues of $150m, Good Morning, Vietnam ($123m) and Three Men and a Baby ($84m). Page 17

Perils of the deep

The lure of possibly vast reserves of extra oil is leading operators to drill deeper and deeper beneath the North Sea. But this is a perilous business. As Saga Petroleum nurses the latest potential blowout, Steven Butler examines the special problems encountered in looking for oil at previously unplumbed depths. Page 28

Chile unlocks the bank

Chile is set to bestow autonomy on its central bank — a highly controversial move which is also a novel one in Latin America. The controversy centres on the naming of the bank's five-man governing council, which includes the council president, by General Augusto Pinochet (left). Opposition economists believe that the first council, entirely of Gen Pinochet's choosing, could thwart the incoming democratic government's policies and undermine its economic authority. Page 21

Why Irish eyes are smiling

The Irish stock market is enjoying a new year rally, having risen by 5 per cent since the start of the year on good economic fundamentals and takeover speculation. Page 40

AmEx reaps bumper profits

AMERICAN EXPRESS

American Express, US financial and travel services group, earned $231m or 54 cents a share in the fourth quarter, on revenues which increased by one-third to $6.34bn. In 1988 as a whole, American Express earned $1.04bn or $2.43 a share, almost double the $533m or $1.20 reported for 1987. Page 17

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Karstadt	462	+	21
D'sche Babcock	164	+	5.5
Lufthansa	167.2	+	4.2
Falls			
Bayer Vereins	388	–	4

NEW YORK ($)

Rises			
Disney (Walt)	72⅛	+	⅝
Scope Inds	35½	+	1¾
SmithKline Beck	51⅞	+	1¼
Falls			
Cray Research	60½	–	4
Philip Morris	103⅞	–	½
Unisys	28⅞	–	1

PARIS (FFr)

Rises			
SCOA	68	+	12
Metal Europ	114	+	14.7
Epeda	1318	+	130.7
Raffinage	116.5	+	10.9
BIS	434.9	+	32
Falls			
Roussel	1808	–	87
UIF	541	–	27

TOKYO (Yen)

Rises			
Maruetsu	1560	+	200
Subaru Ent	1130	+	130
Daiichi Jitsugyo	985	+	100
Falls			
Renown Look	1890	–	150
Denyo	1060	–	90
Taican	1600	–	130

New York prices at 12.30.

LONDON (Pence)

Rises			
Beazer	414	+	9
Bullough	473	+	20
Cons Gld Flds	1284	+	13
Dunhill	223	+	8
First Nat Fin	244	+	9
GEC	213	+	6
Grand Met	487	+	11
Lopex	216	+	11
Magnet	282	+	56½
Menzies (J)	319	+	9
MMW Computers	75	+	8
RMC	577	+	15
Racal Telecom	247½	+	13½
Rothmans B	476	+	14½
Travis Perkins	283	+	11
Vaux	757	+	13
Woolworth	274	+	7
Falls			
Hammerson A	797	–	13
Hestair	251	–	9
P & O Defd	587	–	15
Rank Org	753	–	20
Taylor Woodrow	583	–	85
Thomson T-Line	88	–	5
Unigate	349	–	9

P&O sells 10% stake in Taylor Woodrow

By Nikki Tait in London

Hoare Govett, the London stockbroker, and Hambros, the merchant bank, were yesterday left holding a 10 per cent stake in Taylor Woodrow, the UK construction company, after attempts to place out the interest - previously held by Peninsular and Oriental Steam Navigation - ended in failure.

The stake was worth £92m at last night's closing price of 583p, down 85p on the day. It is currently held equally by Hambros and Hoare Govett.

Last night, Sir Jeffrey Sterling, P&O's chairman, explained that he had been approached by Hambros and Hoare Govett yesterday morning, offering to buy the shares at 600p each. He said that because the price offered showed a good profit for shareholders and released a sizeable chunk of funds, he agreed to sell.

After lunch, according to other brokers, Hoare started to ring around the market, attempting to place the shares at 605p. However, the price - buoyed up by bid speculation because of the shipping and property group's interest - immediately tumbled.

According to the computer-based Seaq system, about 4.5m shares were traded, although that figure takes in both buyers and sellers so the number of shares actually changing hands would be about half that amount.

Last night, however, Hambros confirmed that none of the P&O shares had been sold on, and attributed the placing failure to "a wave of bear selling." Hoare Govett said only that was not obliged to make any announcement at this stage and, somewhat bitterly, that "the market is too visible as it is." At the current price, the two institutions are showing a loss of just under £2.7m.

The situation is complicated by the fact that Hambros and Hoare Govett have links with both P&O and Taylor Woodrow. Hoare Govett is broker to both companies, while Hambros has advised P&O in the past, and was adviser to Taylor Woodrow. In wake of the shipping group's stake-building, however, Taylor Woodrow appointed Schroder Wagg as its merchant bank, whilst retaining a relationship with Hambros.

Yesterday, Hambros stressed that both the bank and Hoare Govett had been acting on their own account and were not representing either company in the "bought deal" and placing transaction. Hambros added that it "certainly would not be bailing out" of Taylor Woodrow shares at current prices."

"The whole objective was to remove a shadow for Taylor Woodrow," Hambros said.

Taylor Woodrow is expected to issue a statement today.

Sir Jeffrey Sterling: 'offer price showed good profit'

P&O first emerged with a disclosed shareholding in Taylor Woodrow in July last year, a holding which steadily increased through the summer. However, the official line from P&O has always been that the shares represented a trade investment and that its intentions were not hostile.

Sir Jeffrey declined to disclose the company's average buying price, but analysts estimate that it may have exited with a profit of around £20m-£25m.

Lex, Page 14

Top Swiss service groups to link

By John Wicks in Zurich

INSPECTORATE International, the Swiss-owned services company, is to acquire a controlling minority stake in Adia, the Lausanne temporary employment group, in a deal that means the interests of Mr Werner Rey, the Swiss industrialist, will be further widened.

The agreement links two of Switzerland's leading service groups, both of which have booked above-average growth rates in recent years and carried out largescale international acquisitions. Adia is the world's largest employment agency after Blue Arrow of the UK, and owns Alfred Marks.

Inspectorate, based in Berne and controlled by Mr Rey, is to take over the entire capital of Adiainvest, a company owned by Adia's top management. This will give Inspectorate 20 per cent of Adia itself but 40 per cent of the voting rights, Mr Rey said.

The purchase, for which no overall value was disclosed, will be mainly in the form of Inspectorate bearer shares. The Adiainvest shareholders will also subscribe to a convertible debenture of the Berne company, while the rest will be paid in cash.

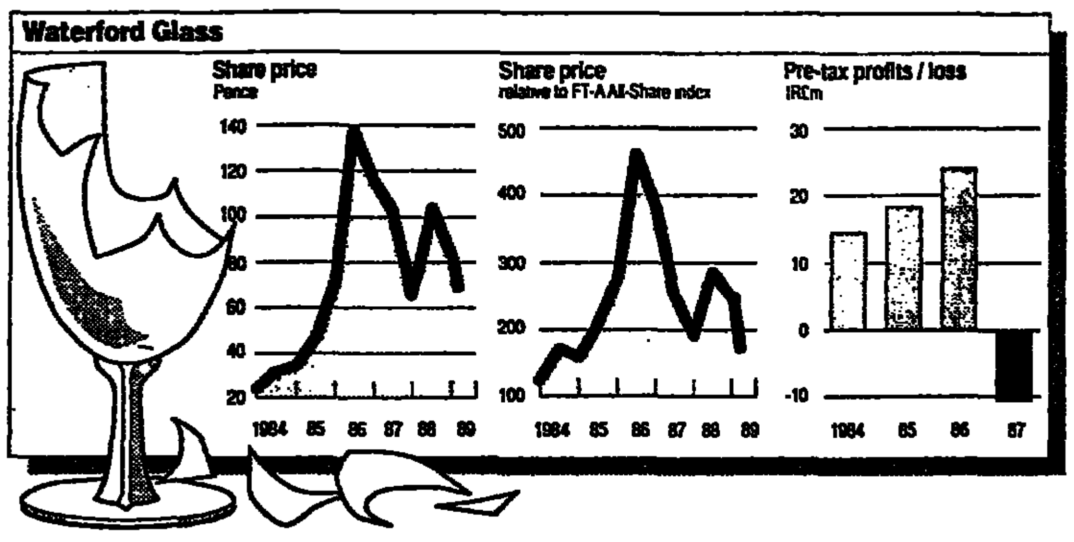
Mr Yves Paternotis, Adia's general manager, will become managing director of Inspectorate and be nominated to the Adia board. Mr Martin Pestalozzi, managing director of Adia, is foreseen as vice-chairman of Inspectorate and board chairman of Adia.

Inspectorate, with 1987 turnover of SFr1.35bn ($863m) and a worldwide payroll of 7,700, is active primarily in inspection and quality control, security services and information technology and is a sector leader.

Separately, Adia announced a rise in turnover of 22.4 per cent for 1988 to just over SFr2.5bn, against SFr2.04bn in 1987.

Shattered hopes for crystal predictions

Fiona Thompson and **Kieran Cooke** report on the setback to recovery plans at Waterford Glass



TUESDAY was not a good day for Mr Paddy Hayes. The chairman of Waterford Glass, the Irish crystal and china group, had the unenviable task of publicly admitting failure, just months after trumpeting his company's return to success.

Accounting errors unearthed by an internal review showed that Waterford's crystal division had under-estimated its production costs, a mistake which the company said would "significantly affect 1988 results" and analysts suggested might leave it making nothing at all. The problems will renew the bid speculation which has periodically surrounded one of Ireland's largest quoted companies.

Mr Hayes would not quantify the impact of the mistakes nor how long he thought it would take to climb back. "We're certainly never again going to disappoint our shareholders by making predictions," he said yesterday.

Last November the company was touring the US, meeting institutional investors and boasting that its third quarter productivity has risen beyond all previous levels. In September, Mr Hayes said the group had achieved a notable turnround and was well-placed for profitable growth – and now this.

In 1987 Waterford suffered a I£34.5m ($50m) reversal into a I£10.3m loss in 1987, the cost of finally grasping the nettle of over-manning, entrenched work practices and high wages which had plagued it for years. But it then appeared to be on the road to recovery.

Mr Hayes, who had been in charge of closing down the Ford car assembly plant in Cork with the loss of 800 jobs, was called on in 1985 to act as surgeon to the company's ills. After first shedding subsidiary interests, including shareholdings in department stores, hire purchase companies and motor distributors, he acquired the Wedgwood china group in 1986 for £250m.

In 1987 he carried out a severe rationalisation of the Waterford's crystal operations, cutting the workforce by one-third to 2,100 and buying out restrictive practices. Mr Hayes described this radical programme to cut costs as "one of the most dramatic ever accomplished in Irish industry." The package cost I£50m.

Some analysts question the effectivness of the reorganisation, suggesting that because many of the 1,000 people who accepted redundancy were the more skilled craftspeople, the company then suffered a skills shortage resulting in higher overtime costs.

There is also disquiet in some quarters about how management could have failed to notice that its unit production costs were exceeding the expectations made at the time of the reorganisation.

Mr Hayes said that last autumn he appointed Mr Bob Davies, now finance director but then controller, to a task force "to find out what was happening in the crystal division" after discrepancies in cash flow and forecast profits came to light.

The internal study uncovered accounting errors under-estimating production costs.

The company then called in accountants Peat Marwick McLintock to carry out an independent review of the crystal operations and two board members resigned – Mr Colm O'Connell, chairman of Waterford Crystal, and Mr Anthony Brophy, until the beginning of the month group finance director.

Mr Paddy Byrne, recently appointed chief operating officer for all of Waterford and Wedgwood's operations in Ireland and the UK, has assumed direct responsibility for the crystal manufacturing operation.

Mr Hayes stresses that crystal now accounts for just one third of group turnover, and that the china division is doing exceptionally well. Analysts would agree.

The Wedgwood acquisition has proved to be a life saver for Waterford.

A rationalisation programme at Wedgwood, which included the sale of some I£70m of surplus assets, nearly 100 redundancies and productivity increases, have contributed to a dramatic increase in Wedgwood pre-tax profits from I£5.2m in 1986 to I£26.9m in 1987 and an estimated I£30m last year.

Wedgwood is the leader in its field in terms of volume, profits and prestige, says Mr Hayes and few would disagree. The company has spent a lot of money enhancing its brand name around the world. It does not produce seconds and does not go in for discounting nor frequent sales.

Wedgwood's geographic sales mix has been a major factor in its superior performance. Of total turnover, 44 per cent of sales are in the UK, 18 per cent in the US, 10 per cent in Japan and 9 per cent in Europe.

The benefits of the Wedgwood acquisition are likely to be seen especially in the US, where Waterford crystal has a more than 80 per cent market share. US marketing and sales are now integrated with distribution of Waterford and Wedgwood products through a New Jersey distribution centre.

Waterford has long been the subject of bid speculation. Mr Tony O'Reilly, head of Heinz, US food group, and the Irish Independent newspaper group, has made no secret of his interest in the company.

Some analysts feel that if a bid is going to be made, now is the time. With the share price at 71p the company is capitalised at about I£345m, not a huge jump from the price it paid for Wedgwood.

But "the balance sheet is in a horrendous state and gearing is looking to be in excess of 80 per cent at the year end," said Mr Jim Rutherford, analyst with CL-Alexanders Laing & Cruickshank.

Equally, a major stumbling block could be politics. Waterford is one of Ireland's major employers and any bid would need to be acceptable to the Government.

Mr Charles Haughey, Irish Prime Minister, was positively poetic about Waterford crystal recently. "Cool, clear and scintillating, yet with no feeling of coldness. It is one of the finest products made by man anywhere in the world."

President resigns at SmithKline

By James Buchan in New York

SMITHKLINE BECKMAN, the Philadelphia pharmaceuticals group facing severe problems in its main drug markets, yesterday startled Wall Street by announcing that its No.2 officer had resigned after differences with Mr Henry Wendt, chairman and chief executive.

The news that Mr George Ebright, an active and well-regarded executive, was quitting as SmithKline's president and chief operating officer caused a flurry of speculation on Wall Street where the badly weakened company is regularly touted for possible sale and break-up. SmithKline stock rose $1¼ to $51⅞ yesterday morning in spite of an announcement that the company's operating earnings after tax in the most recent quarter fell by 20 per cent.

The announcement provoked differing reactions on Wall Street. Some thought that Mr Ebright, a 26-year veteran of the company, wanted to go further than Mr Wendt in reshaping SmithKline so it can ride out the near collapse of the markets for its main drugs, Tagamet, an anti-ulcer preparation, and Dyazide, a diuretic.

Others say the loss of Mr Ebright, long seen as an aggressive and effective counterpart to the patrician Mr Wendt, will force the chairman to recognise that the restructuring task is beyond him and he will sell the company.

SmithKline revealed the scale of its problems yesterday, saying that its pre-tax operating earnings fell 17 per cent in the fourth quarter to $187.4m before a special gain from the sale of stock in its Beckman Instruments subsidiary. After-tax earnings per share before the gain fell 20 per cent to 91 cents. Overall sales rose 7 per cent to $1.28bn.

But falling sales of Tagamet, which is losing market share rapidly to Zantac marketed by Glaxo of the UK, and of Dyazide cut ethical drug sales by 14 per cent to $512.1m, and profits fell by a third to $101.4m. Sales and profits from Beckman Instruments were also lacklustre.

For the year, SmithKline reported sharply lower earnings of $229.2m or $1.84 a share, compared with $570.1m or $4.50 a share in 1987. But the bulk of the decline came from special restructuring charges of $389.3m announced by Mr Wendt and Mr Ebright last September in a first attempt to come to grips with the Tagamet and Dyazide problems.

In a statement yesterday, Mr Wendt suggested that one of the company's worst problems – bloated inventories for Tagamet and Dyazide at hospital dispensaries– had been solved and trade levels were down to normal.

Australian magnate boosts stake in UK textile group

By Alice Rawsthorn in London

MR ABRAHAM GOLDBERG, Australian textile magnate, has increased his stake in Tootal, one of the largest UK textile groups, by 5.2 per cent to 14.4 per cent.

Mr Goldberg staged an unsuccessful bid for Tootal four years ago. Last autumn he instructed Cazenove, the London stockbroker which acted for him in his 1985 bid, to buy shares in the group. Earlier this month he appointed Schroder to act as his merchant bank in London and advise him on dealings with Tootal.

Mr John Reynolds, a Schroder director, said yesterday Mr Goldberg was "keeping his options open" with regard to Tootal and has "not decided" whether to mount a bid.

In November and December last year Mr Goldberg spent about £28m ($49m) to acquire a 9.2 per cent stake in Tootal. He has since spent around £19m to boost his holding to 14.4 per cent.

Mr Goldberg began to buy Tootal shares again last week. By January 17 he had boosted his stake to 10 per cent. He continued to buy shares until last Tuesday, when he informed Tootal of the increase in his holding.

Yesterday morning Mr Goldberg's representative met Mr John Craven, Tootal's non-executive chairman who is also chief executive of Morgan Grenfell, London securities group.

Tootal is expected to mount a vigorous defence if Mr Goldberg attempts another bid. The group is a leading player in the world sewing thread market with UK interests in clothing and home textiles.

Magnet directors plan largest-ever UK buy-out

By David Waller in London

DIRECTORS of Magnet, the British furniture group, are planning a management buy-out for the company.

Any such deal would value Magnet at more than £500m ($875m) and if successful, it would be by far the largest buy-out of a quoted UK company.

A brief statement yesterday said that Mr Tom Duxbury, the Magnet chairman, and other directors had made an approach which could lead to a bid. Neither the chairman nor his financial adviser, Bankers Trust International, was prepared to add to this yesterday.

Magnet's shares jumped from 205½p to 262p.

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INTERNATIONAL COMPANIES AND FINANCE

Ambrosiano operating profits edge higher

By Alan Friedman in Milan

NUOVO Banco Ambrosiano (NBA), the privately controlled successor bank to the late Mr Roberto Calvi's Banco Ambrosiano, has reported a modest 3.3 per cent rise in its gross operating profit for 1988, to L216bn ($160m).

NBA pointed out, however, that the 1988 results include a 20 per cent rise in interest earnings while the previous year's operating profit hadincluded substantial extraordinary credits from share sales.

The Milan-based NBA, which was formed originally in August 1982 by a private-public bank consortium that stepped in after the crash of the Calvi bank, said its total deposit base grew by 12 per cent last year to L6,767bn while its outstanding loan book was 14.4 per cent higher at L4,584bn. Net profits will be announced later this year.

Nuovo Ambrosiano has been embroiled in a dispute in recent weeks that spans both the Italian banking and political worlds. The bank's largest single shareholder – a financial vehicle called Gemina that is effectively controlled by the Fiat group – is pressing along with other shareholders for a merger between NBA and its 51 per cent subsidiary, the cash-rich Banca Cattolica del Veneto. Cattolica recorded a L200bn operating profit for 1988, up from L195bn in 1987.

The controversy has seen support for the merger plan expressed by Mr Francesco Paolo Mattioli, the senior Fiat executive who is deputy chairman of NBA and a director of Gemina. Support for the merger has also come from Mr Giovanni Bazoli, the NBA chairman who is also an indirect shareholder (by way of Mittel, a Brescia company) of Gemina, which controls a 14 per cent stake in his bank.

Opposition to the merger plan has come from industrialists in the Veneto region and from Socialist politicians. Their fear is that despite Fiat's indirect shareholding in Gemina and NBA, the Turin group could be seeking to gain effective control or an influential voice in what would become Italy's biggest private bank.

Kuwaiti venture aims to lift Spanish bank stake

By Tom Burns in Madrid

CARTERA CENTRAL, a Kuwait Investment Office (KIO)-linked joint venture that is emerging as the powerbroker in the merger between Spain's two largest banks, Banco Central and Banesto, yesterday announced a Pta11bn ($98m) capital increase aimed at augmenting its already considerable shareholding in the two banks.

The venture is controlled by Construcciones y Contratas, a construction holding company owned by Mr Alberto Alcocer and Mr Alberto Cortina, two Madrid financiers whose international partners in other investment projects in Spain include Mr Carlo De Benedetti, the Italian entrepreneur.

Cartera Central's increased war chest came after a tense Banesto board meeting on Tuesday, when its five representatives strongly objected to the presentation by Mr Mario Conde, Banesto chairman, of the bank's 1988 results and criticised his management record over the past 12 months, his first year as chairman.

The boardroom row was in line with objections raised in the past by Cartera Central to management and policy decisions in Banco Central, where Cartera Central, with 18 per cent of the equity, is by far the biggest shareholder.

At Banesto, where Cartera Central owns some 2.5 per cent of the stock, the investment group's representatives, together with another five members of the 28-strong board, refused to endorse Mr Conde's presentation. They alleged that a Pta39bn pre-tax profit figure for last year announced by Mr Conde had been inflated by Banesto sales of assets to other companies within the bank's industrial and financial holding.

Mr Conde was able to hold off the critics and have the board approve the results but the meeting promised to be only the first of similar confrontations. In a similar vein Cartera Central representatives have accused Mr Alfonso Escamez, Banco Central's chairman, of withholding information on dealings and of a poor profitability record.

Cartera Central's unwelcome shareholding at Banco Central and its hostile boardroom tactics were in part responsible for the decision by Mr Escamez to join forces with Mr Conde last year and to create the Banco Espanol Central de Credito (BEEC), the result of the merger of the two banks.

Cartera Central's response to the merger was to invest some Pta80bn in Banesto shares and gain a boardroom presence in the bank similar to the one it enjoyed at Banco Central. When BEEC is formally unveiled later this year, Cartera Central will easily be its main shareholder, with some 10 per cent of the new bank's equity.

Statoil to propose big cuts in spending

By Karen Fossli in Oslo

STATOIL, Norway's state oil company which is struggling to improve earnings and reduce costs, will today recommend to its board a three-year plan which is to reduce annual group spending by NKr2bn ($300m) and the number of "man-years" by 1,500.

The company, which employs 11,000, has been undergoing major organisational changes since 1987 when it became forced to take write-offs over a period of three years on a refinery expansion project in which it overshot its budget by NKr6.8bn.

Statoil has also been hard-hit by a reduction in earnings on crude oil sales which plunged along with crude oil prices in 1986 and only recently have improved.

Third-quarter pre-tax profits, posted last November, were nearly halved to NKr3bn from NKr5.8bn in the same period a year earlier.

After a thorough analysis in 1988 of the group's strategic and financial objectives the company says it has more clearly defined financial objectives for future activity.

In 1988 Statoil said that it had achieved cost reductions of about NKr400m.

Continued cost reductions are to be directed towards all segment's of the group's operations, including cost-effective measures and further co-ordination of offshore operations.

To this end, the company admits that administration expenses will have to be reduced and the criteria for approval of project studies and research and development projects will be "tightened."

Statoil is also considering plans to reduce and to defer investments, it said. Just a few months ago, it emerged that the company was reviewing on a case-by-case basis, all of its upcoming projects with a view to identifying which ones can be deferred.

Although Statoil has not presented any specific plans on projects to be affected, it has not excluded the possibility of major projects like the Troll gas field development.

Management shake-out at Crédit Agricole

By George Graham in Paris

CREDIT AGRICOLE, the largest French bank, has reorganised its top management following the crisis last year which led to the replacement of the chief executive and the resignations of four other senior executives.

Mr Philippe Jaffre, who was appointed in November as the chief executive of the Caisse Nationale du Crédit Agricole, the central organisation jointly owned by the group's co-operative regional banks, announced yesterday a restructuring of responsibilities and the nomination of two deputy managing directors.

Miss Monique Bourven, head of capital markets at Crédit Agricole, becomes deputy managing director in charge both of capital markets and of real estate and insurance activities.

Mr Edouard Esparbes, formerly chief executive of the Loire regional bank, becomes deputy managing director with responsibility for development and finances, including consumer and farm sector banking and financial and accounting relationships within the group.

The appointment of someone from a regional bank is expected to help ease tensions between the regions and central Caisse Nationale.

Philippe Jaffre: will take responsibility for banking

Mr Bernard de Pasquale, director of information systems, has been given temporary responsibility for logistical resources, including his existing functions as well as juridical and fiscal services.

Mr Jaffre will take responsibility for banking, including international, corporate and investment banking.

Restructuring to put IHC Caland in red

By Laura Raun in Amsterdam

IHC CALAND, the Dutch offshore eqipment and services group, yesterday announced a major financial restructuring that will result in a Fl 45m ($21.6m) loss for 1988 and shrink the company's share capital. The far-reaching restructuring is aimed at paring back the company and bracing it for continued difficulties expected in offshore energy equipment and services as well as direct exploration.

IHC said it believed that oil prices would fall soon and stay lower for several years. The group was created in 1984 from the merger of IHC Inter and Caland Holdings and has since struggled amid consolidation in the offshore industry.

A Fl 50m provision will be taken in the 1988 accounts to cover asset write-downs and expected losses on disposals. Share capital will be trimmed by 20 per cent to Fl 45.3m from Fl 56.6m by repaying shareholders Fl 2 a share.

Dresdner plans to merge mortgage subsidiaries

By Haig Simonian in Frankfurt

DRESDNER BANK, West Germany's second biggest bank, plans to merge two of its mortgage banking subsidiaries to form the country's largest private-sector mortgage banking institution with total assets of about DM42.5bn (US$23.1bn).

Dresdner owns more than 90 per cent each in Deutsche Hypothekenbank Frankfurt-Bremen, the country's fifth largest private mortgage bank with total assets of DM25.9bn at the end of September last year, and in Pfälzische Hypothekenbank, the 10th biggest with total assets of almost DM15.4bn at the same period.

At the same time, Dresdner Bank is offering to buy out the remaining minority interests in Pfälzische Hypothekenbank at DM800 a share, some 15 per cent above last year's average share price, it said. Shares in the bank were fixed at DM770 in Frankfurt on Tuesday.

Observers have predicted changes in German mortgage banking, not least because of new European Community rules which could open the way for mortgage banks from other EC countries to issue paper in the German market.

In return for strictly limited powers, German mortgage banks have a range of privileges in issuing fixed income paper. Some bankers have suggested the new EC rules could threaten the separation of powers between mortgage banks and universal banks.

If the merger goes ahead, the new bank will be substantially bigger than Rheinische Hypothekenbank (Rheinhyp), the Commerzbank subsidiary, currently Germany's biggest mortgage banking institution.

Film successes produce a record quarter for Disney

By James Buchan in New York

WALT DISNEY, the US entertainment group, yesterday reported the best quarterly performance in its long history, thanks to a string of successes from its revitalised film business.

The Burbank, California group, which has transformed its operating fortunes since Mr Michael Eisner and Mr Frank Wells took over at the top in 1984, said its net income rose 48 per cent from $100.4m to $148.3m, or $1.08 a share, in the December quarter, the first in Disney's year.

Revenues rose an equally spectacular 42 per cent to $1.04bn from $734.8m.

The key to the strong performance is the transformation of the film-making business from a flop factory with 3 per cent of the market in 1984 to the pinnacle of Hollywood last year, with around 19.4 per cent of all cinema ticket revenues, according to Variety, the Hollywood trade magazine.

Disney released only 12 pictures last year, including three of the six most successful films: the No 1, *Who Framed Roger Rabbit?* (with gross revenues of $150m), *Good Morning, Vietnam* ($123m) and *Three Men and a Baby* ($84m), according to Variety.

The filmed entertainment division also enjoyed strong profits from its home video operation. Overall, the division's operating income rise 30 per cent to $74.8m on a 38 per cent jump in revenues to $410.0m.

This year Disney is planning to double its output of pictures through the formation of a new studio, Hollywood Pictures.

In its big theme parks and resorts business, which includes Disneyland in California and Walt Disney World in Florida, operating income increased 39 per cent to $121.2m on a 33 per cent advance in sales to $511.6m.

In consumer products, which includes merchandise spin-offs from the film business, operating income rose 73 per cent to $53.9m on a 139 per cent increase in revenues to $112.1m.

Philip Morris up 27% on year

By James Buchan

PHILIP MORRIS, the world's largest producer of packaged consumer goods, yesterday reported sturdy underlying growth in fourth-quarter profits. But special costs to restructure two recalcitrant food operations caused earnings to fall 28.5 per cent.

The fourth-quarter drop still left Morris with a 26.9 per cent increase in net income for the year, with most of the company's far-flung food, beer and tobacco operations performing well. In particular, its world-leading tobacco business continued to add volume and market share in a shrinking US market.

In the latest quarter, earnings of the New York-based company fell from $478m or $2.02 a share to $342m or $1.48, while revenues rose 19.9 per cent to $8.64bn.

But Morris charged $212m or 91 cents a share to fourth-quarter earnings to cover restructuring costs at its General Foods subsidiary in the US and at General Foods worldwide, above all its coffee business. Morris said that the Maxwell House coffee operation had an unsatisfactory year fighting to defend market share. The worldwide division's overall operating income fell 33.8 per cent even before charges.

Kraft chipped in $78m in operating profits during its brief period with Morris, but diluted its new owner's earnings by 12 cents a share, because of the interest cost of financing the deal.

For the full year, earnings rose from $1.84bn or $7.75 a share to $2.34bn or $10.03 on a 12.6 per cent gain in revenues.

The highlight of the year was the powerful gain in the tobacco business, where Marlboro is the world's leading brand. In the US, Morris increased its market share from 37.9 per cent to 39.3 per cent in a market that declined 2.1 per cent. Overseas, the cigarette business enjoyed its biggest ever volume surge, of 4.4 per cent.

Miller Brewing, the beer subsidiary, increased barrel volume and market share, and lifted operating income 11.7 per cent to $190m.

Net income edges higher at Bouygues

By Paul Betts in Paris

BOUYGUES, the leading French construction group with major interests in television, yesterday reported a 4 per cent rise in net profits, excluding minority interests, to FFr517m ($82.5m) last year from FFr495m in 1987.

Sales rose by 7 per cent to FFr50.1bn last year from FFr46.6bn the previous year. Bouygues said it expected sales to rise to FFr52.5bn this year.

The company also confirmed that Nippon Life, the Japanese insurance company, had bought 220,000 Bouygues shares, or a 1.7 per cent stake in the construction group.

Bouygues, which had been the target of a stock market raid by unidentified investors last year, also announced last night an issue of 1.65m equity warrants designed to strengthen its capital funds.

The company noted a strong recovery of its international construction activities in industrialised countries.

Restructuring brings loss for Nortel in final period

By David Owen in Toronto

A US$200M charge relating to the restructuring of its North American operations pushed Canada's Northern Telecom into the red for the fourth quarter.

The telecommunications system manufacturer recorded a net loss of $17.5m or 9 cents a share for the period in question, compared with a profit of $140m or 57 cents a share a year ago. Revenues, by contrast, rose by 16.5 per cent to $1.53bn from $1.32bn.

Net earnings for all 1988 declined by 47 per cent to $183.2m or 70 cents a share from $347.2m or $1.39 on revenues of $5.41bn against $4.91bn. Excluding the impact of the restructuring, 1988 per share income was down 8.5 per cent from a year ago.

The company, which is majority-owned by the conglomerate BCE, blamed increased investments in product and market development and intense competition for its poor performance. Research and development expenses in 1988 reached 13.1 per cent of revenues.

Geographically, North American revenues were higher than 1987, while overseas revenues declined due to reduced demand from Turkey and the February sale of European businesses to Britain's STC.

The lean times are expected to continue in the first six months of the current year. According to Mr Edmund Fitzgerald, chairman, the first two quarters could produce earnings "as much as one-third less than in the comparable 1988 period."

Barring a global economic downturn, however, Mr Fitzgerald foresees that a strong second half will result in year-on-year revenue and earnings growth. The restructuring, which will result in 2,200 redundancies, is intended to enhance the company's ability to compete by streamlining

NEWS IN BRIEF

Bethlehem Steel forges ahead

By Karen Zagor in New York

BETHLEHEM STEEL, the big US basic steel producer, reports strong profit growth for 1988, reflecting further rehabilitation from its brush with bankruptcy in 1987. But fourth-quarter earnings were slightly lower because of additional restructuring costs.

Net income for the December quarter was $65.7m or 79 cents a share, compared with $71.5m or $1.07 a share previously. Sales edged ahead to $1.33bn from $1.21bn.

Full-year net income was $403m or $5.32 a share, up from $174.2 or $2.77. Income from operations soared to $539m from $150m.

Sales were $5.49bn against $4.62bn. Shipments increased to 10.1m tonnes from 9.1m, due to the strength of the capital goods, construction and semi-finished markets.

Fourth-quarter returns included extraordinary items that resulted in a net charge of $30m against a net gain of $44m a year earlier. Full-year profits included net charges of $132m, against net gains of $136m in 1987.

● WHEELING-PITTSBURGH Steel, eighth largest integrated US steel producer, reveals fourth-quarter net income from operations of $40.5m or $7.42 a share, against a net loss of $6.3m last time, on sales of $274.8m, against $249.8m.

An extraordinary credit of $12.7m lifted the final net in the latest quarter to $53.2m or $9.91. The year-earlier loss is after a pre-tax restructuring charge of $46.7m – an extraordinary charge of $8.7m leaves the final net loss at $15.1m.

A net profit of $258.5m or $48.69 a share is recorded for the full year, up from $84.0m or $14.66, on sales $1.1bn, against $1bn.

● WARNER-LAMBERT, the diversified drug company with confectionery and consumer products businesses, expects a 20 per cent improvement in earnings per share in 1988 to $5 on a 14 per cent gain in sales to more than $3.9bn.

Mr Joseph Williams, chief executive, says the company's *Lopid anti-cholesterol agent* doubled its sales last year to about $190m and should add another 50 per cent this year.

● FMC, the US industrial conglomerate, lifted fourth-quarter profits to $36m or $1 a share from $6m or 33 cents on sales 3 per cent up to $882m.

Net profit for the full year declined to $129m or $3.6 a share from $180.5m or $4.29 which, however, included a non-recurring gain of $84m. Revenues rose to $3.3bn from $3.16bn.

● AMERADA HESS, the US petroluem group, staged a turnround in the fourth quarter but profits were down for the full year. Net income for the quarter was $66.3m or 80 cents, compared with a loss of $79.6m, on revenue of $1.2bn, against $1.3bn.

The latest quarter includes a charge of $30.3m for capitalised exploration expenses while the year-ago figures include non-recurring income of $73m, primarily from cuts in foreign taxes.

Full-year net income was down to $124.2m or 1.51 cents, from $229.9m or $2.73 on revenues of $4.3bn against $4.8bn.

● POLAROID, the US photography group, said the $45 a share offer from Shamrock Holdings, which represents Roy Disney family interests, was "inadequate" and "not in the best interests of Polaroid and its stockholders."

Last week, Shamrock raised its offer from an earlier $42 a share bid, which was contingent on the invalidation of Polaroid's employee stock ownership plan.

● SANTA FE Southern Pacific, the US transportation and natural resources group, lifted fourth-quarter net profit to $156m or 99 cents a share from $114m or 73 cents a year ago, with real estate operations as leading contributor *and a loss from petroleum.*

For the year, it had a net loss of $47m or 30 cents a share, against a net profit of $374m or $2.37 in 1987.

● FREEPORT-McMoRan, the US fertiliser and resources group, showed a marginal rise in fourth-quarter profits to $59.9m or 78 cents a share from $58.6m or 72 cents a year earlier.

For all 1988 net profit rose to $310m or $4.13 a share from $248.8m or $3.38.

● ROHM and Haas, the US chemicals group, showed a sharp rise in 1988 profits, to $230.1m or $3.46 a share from $195.5m or $2.85. Revenues rose to $2.54bn from $2.2bn.

Fourth-quarter profits were $594.6m or 64 cents a share, against $531.9m or 55 cents, on revenues of $594.6m against $531.9m.

American Express profits top $1bn

By Anatole Kaletsky in New York

AMERICAN EXPRESS, the US financial and travel services group, earned $231m or 54 cents a share in the fourth quarter, on revenues which increased by one-third to $6.34bn.

The latest figures were not comparable with the net loss of $104m or 24 cents in the corresponding 1987 quarter, due to special charges connected with Third World loan losses and the 1987 crash on Wall Street.

In 1988 as a whole, American Express earned $1.04bn or $2.43 a share, almost double the $533m or $1.20 reported for 1987. However, the returns for both years were distorted by numerous non-recurring items. These included a loss of $625m at American Express Bank in 1987 and nearly $250m of pre-tax charges this year at the Shearson Lehman Hutton securities subsidiary.

The company's most important single business, travel related services, which includes charge cards and travellers cheques, continued to grow rapidly in 1988. Net income increased by 18.4 per cent to $183.5m in the latest quarter, and by 18 per cent to $772.8m in the year as a whole.

IDS Financial Services, the life insurance and investment business, boosted profits by 20.5 per cent to $40.6m in the fourth quarter and 19.2 per cent to $147.6m in the whole year.

American Express Bank made profits of $47.1m for the quarter and $$149.0m for the year, compared with losses of $295.9m and $625m respectively in 1987.

The bank reduced its total Third World exposure by 45 per cent to $830m and its Latin American credits by 53 per cent to $538m.

Shearson Lehman Hutton, which is 71 per cent owned by American Express, contributed a loss of $13m in the fourth quarter, after a $70m write-down connected with a large speculative position in securities of MCorp, the troubled Texas bank holding company.

Shearson's full-year result was a net profit of $50.0m, compared with $86.9m in 1987.

Buoyant overseas demand lifts Unisys

By Roderick Oram in New York

UNISYS, a leading computer maker with a wide range of products from workstations to mainframes, has reported strong earnings growth for last year, with buoyant demand abroad making up for slack business in the US market.

But it warned that the current quarter's results "will be very weak," reflecting lower production levels and higher costs, inventory reductions and the transition to its new 2200 family of main frame computers.

From the second quarter on, though, it expects to benefit from the new range resulting in strong revenue and earnings growth for the rest of 1989.

For its fourth quarter ended last December it turned in net profits of $218m or $1.05 a share fully diluted, against $216.9m or $1.09 on slightly fewer shares a year earlier. Revenues were $2.87bn, against $2.80bn.

The latest quarter was reduced by $20m or 6 cents a share, for forecast costs of restructuring some domestic product and marketing operations and for integrating Convergent, a computer company Unisys acquired last year.

Full-year net profits rose 18 per cent to $680.6m or $3.27 a share, from $578m or $2.93. Revenues were $9.9bn, against $9.71bn. Overall, the year "was tougher than we and most of the industry originally expected," said Mr Michael Blumenthal, chairman.

Order growth was strong in the fourth quarter with foreign orders increasing at a double-digit rate. Demand was broad-based from workstations to mainframes.

● Cray Research, the leading maker of supercomputers, reported sharply higher fourth-quarter earnings and a small gain for the full year. The company's susbsequent comments to analysts about its first quarter outlook, however, knocked $3¼ off its shares yesterday to $61¼.

Cray is forecasting "significantly lower" first-quarter revenue which is "simply a function of when systems are going to be installed." For the full year it estimates revenues will grow by 10 per cent and its earnings by 7 per cent. Each Cray computer is a multi-million installation so its revenues are erratic.

A wave of installations in the fourth-quarter ended December pushed net profits up to $88.5m, or $2.80 a share, from $34.1m, or $1.08, a year earlier. Revenues were $330.3m against $163.6m.

Full-year net was $156.6m, or $4.99, against $147.1m, or $4.65, on revenues of $756.3m against $687.3m.

Apollo ends 1988 with return to profitability

By Louise Kehoe in San Francisco

APOLLO Computer, the US computer workstation manufacturer, ended 1988 with a return to profitability after two quarters of losses.

Net income for the year was $2.1m or 6 cents a share, compared with $20.5m or 56 cents for 12987, on sales ahead to $653.5m from $553.7m.

Fourth-quarter earnings were $3.2m or 9 cents a share, against $10m or 28 cents, on sales up to $184.1m from $163m. Net income for 1988 was boosted by an extraordinary gain of 5 cents a share on repurchase of debt.

● Prime Computer incurred a fourth-quarter loss of $14.4m, compared with a net profit of $21.3m or 44 cents last time. The latest quarter's figures include restructuring and other charges of $32.8m. Revenue was well ahead at $431.1m, against $267m.

Full-year net income was $19m or 39 cents a share, compared with $64.8m or $1.32 after restructuring and other charges last year of $42.4m. Sales jumped to 1.6bn from $960.9m.

Prime said its fourth-quarter revenue increase resulted mainly from strong sales of CAD-CAM products, increased demand in international markets and an increase in customer upgrades to high-end mini-computers.

Consolidated Bathurst share trading suspended

By Raymond Snoddy

THE SHARES of Consolidated Bathurst, one of Canada's largest paper and forestry product groups was suspended yesterday amid speculation that Associated, the UK publishing group, planned to sell its 15.3 per cent stake.

Associated declined to confirm or deny the sale last night, but there were signs that it could be on the way to Power Corporation whose shares were also suspended

Lord Rothermere, chairman of Associated, which publishes both the Daily Mail and the Mail on Sunday in the UK, has made clear he intends to focus the business on publishing in future. There have already been sales of peripheral businesses.

A recent reorganisation of the structure of the company increased indebtedness and provides a strong incentive to the company to release some of its assets.

In its 1987 accounts Associated valued its stake in the Canadian paper company as being worth £113m (US$200).

● British Petroleum has no interest in being a white knight for Texas Eastern of the US, Mr Robert Horton, BP deputy chairman elect told Reuters. Texas Eastern is under siege from Coastal Corporation, which has made a $2.6bn bid for the company.

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Diş Alimlar Müdür (Foreign Purchases)
Uzunkum Cad.
Kdz.Ereğli/TURKEY

b) Ereğli Demir ve Çelik Fabrikalari T.A.Ş.
Satinalma Genel Müdür Yardimciliği
Satinalma Müdürlüğü
Istanbul/TURKEY

c) Ereğli Demir ve Çelik Fabrikalari T.A.Ş.
Satinalma Genel Müdür Yardimciliği
Diş Alimlar Müdürlüğü
Atatürk Bulvari, Selcan han No.127/9
Ankara/TURKEY

3- The offer in sealed envelopes should be submitted to Ereğli Demir ve Çelik Fabrikalari T.A.Ş. Satinalma Genel Müdür Yardimciliği, Uzunkum Cad. Kdz.Ereğli/TURKEY at the latest by 12.00 hours Turkish local time on 10th March 1989.

4- Our company reserves the right to place the order either partially or completely with any bidder to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

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COMPANY NOTICES

NOTICE OF REDEMPTION
A.F.I. ATLANTIC FINANCIAL INTERNATIONAL N.V.
Secured Adjustable Rate Notes Due 1994

NOTICE IS HEREBY GIVEN in accordance with the Indenture of Trust dated as of August 15, 1984 (the "Indenture") from A.F.I. Atlantic Financial International N.V. (the "Company") and Atlantic Financial Federal to Marine Midland Bank, N.A. (the "Trustee"), that all outstanding Secured Adjustable Rate Notes Due 1994 (the "Notes") issued by the Company pursuant to the Indenture shall be redeemed on February 28, 1989 (the "Redemption Date") at their principal amount. The redemption of the Notes is being made as authorized by the eleventh paragraph of the reverse side of the Notes and pursuant to the applicable provisions of the Indenture.

Payment of the principal amount, together with interest accrued to the Redemption Date, will be made on the Redemption Date upon presentation and surrender of the Notes to be redeemed with all coupons, if any, appertaining thereto maturing after the Redemption Date, at any of the following paying agents for the Notes: (i) Banque Paribas, 3 Rue d'Antin, 75002 Paris, France, (ii) Banque Paribas (London Branch), Lombard Street 68, London EC3P 3AJ, U.K., (iii) Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels, Belgium, (iv) Banque Paribas (Luxembourg) S.A., 10-A Boulevard Royal, 2093 Luxembourg, or (v) Swiss Bank Corporation, Aeschenvorstadt 1, 4002 Basel, Switzerland.

Interest will cease to accrue on the Notes on the Redemption Date and any coupons for interest accruing thereafter shall be void. Coupons due February 15, 1989 should be detached from the Notes and presented for payment in the usual manner.

Certain payments may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or, in the case of a United States person, an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). A payment subject to the foregoing reporting and withholding generally includes any payment that is made inside the United States, including any payment paid to a United States address by mail or by electronic transfer, or with respect to which the issuer or the paying agent has actual knowledge that the payee is a United States person. Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty. Please provide the appropriate certification when presenting Notes for payment.

A.F.I. Atlantic Financial International N.V.

January 26, 1989

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Trident House, 15 Bath Road,
Slough SL1 3UP.

BAROID

COMPANY NOTICES

THE COMMISSIONERS OF THE STATE BANK OF VICTORIA US$ 300.000.000 Guaranteed Floating Rate Notes due 1996

In accordance with the description of the Notes, notice is hereby given that for the interest period January 25, 1989 to July 25, 1989, the Notes will carry an interest rate of $9\frac{3}{8}$% per annum.

The interest payable on the relevant Interest Payment Date, July 25, 1989 against coupon No 6 will be US$471.35 per Note of US$ 10,000 nominal and US$11,783.85 per Note of US$ 250,000 nominal.

THE AGENT BANK

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NOTICE OF ESTABLISHMENT
OF THE INTEREST RATE FOR THE FIVE-YEAR PERIOD
COMMENCING MARCH 28, 1989

Republic of South Africa

ECU 40,000,000 Retractable Bonds
Final Maturity: March 28, 1999

In accordance with clause (b) of paragraph "Interest" of the Terms and Conditions of the Bonds, notice is hereby given to Bondholders that for the five-year period commencing March 28, 1989 the Republic of South Africa has decided that the Bonds will bear interest at the rate of 9¼% per annum.

Luxembourg, January 26, 1989

The Fiscal Agent

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INTERNATIONAL COMPANIES AND FINANCE

Top auction price for HK property

By John Elliott in Hong Kong

SUN HUNG KAI Properties and Sino Land, two of Hong Kong's most prominent property companies, yesterday paid a record auction price of HK$3.35bn (US$429.5m) for a 77,800 sq ft plot of prime government-owned development land.

The price for the site, on the north Wanchai harbour front near the territory's central district, falls within forecasts of HK$3bn to HK$4bn and underpins recent sale prices and rental values in Hong Kong's booming property market. But it disappointed some analysts on the local stockmarket, where prices fell slightly yesterday afternoon following the auction.

Sun Hung Kai, controlled by Mr Kwok Tak-Sheng, and Sino Land, headed by Mr Robert Ng, have formed an equal joint venture called Cheer City Properties to develop the site with an office block.

They won the auction, which lasted only a few minutes, after bidding climbed quickly from a starting price of HK$2.5bn. Mr Raymond Kwok of Sun Hung Kai said the figure was lower than he had expected.

Many of the colony's top tycoons were present, including Mr Li Kashing of the Cheung Kong and Hutchison Whampoa groups, who said the sale price was "higher than my budget." He stopped bidding at HK$3.15bn.

Other bidders were New World, controlled by the Cheng family, which was the runner-up and has developed the new Hong Kong convention centre adjacent to the site; the Lau brothers; and Mr Y.S. Lo, whose Century City recently failed to take over Hongkong and Shanghai Hotels.

Stockbrokers had been looking for something to sustain recent growth in local share prices and were disappointed that the price was not nearer HK$4bn. But property developers and agents argued the price was adequate for the prominent plot, which was zoned for non-industrial use, excluding warehousing, and is the last major site available in the area.

Mr David Davies, managing director of First Pacific Davies, said: "It shows some maturity in the market with a conservative approach rather than speculative fever. Everyone is happy and it is a good price for the buyers."

The HK$3.35bn amounts to a site value of HK$43,000 per sq ft. Analysts estimated that the total development cost of the expected 1.17bn sq ft office block will be HK$5.25bn when construction and borrowing costs are taken into account.

It also underpins a price tag approaching HK$2.5bn put on the nearby Shui On Centre in a deal reached last November but which fell through last week. Mr Vincent Lo, Shui On chairman, is expected following yesterday's auction to look for a new buyer at not less than the original figure.

Dominion Mining bids A$210m for Whim

By Bruce Jacques in Sydney

DOMINION MINING, a fast-expanding West Australian gold company, is aiming to create one of the country's biggest gold producers with an all-paper A$210m (US$184.9m) bid for Whim Creek Consolidated. Combined, the companies' annual output would approach 330,000 oz.

The offer aims to catch Whim shareholders at a time of confusion following a recent board coup amid allegations of dubious use of company funds. But Whim directors last night issued a strong "don't sell" statement.

The proposed offer is eight Dominion shares for each five Whim shares. When the bid was announced, Dominion shares were trading at A$1.50 each, so the offer was worth nearly A$220m. But the news prompted investors to cut Dominion shares 4 cents to A$1.46. Whim shares meanwhile rose 10 cents to A$2.30.

Whim Creek was the centre of a minor sensation in November when an Irish group which controlled the board was overthrown by a disaffected group of Australian shareholders. Hostilities ended just before Christmas, after a court battle, with a standstill agreement.

The publicity pushed Whim's share price to a low of A$1.85 and appears to have created an opening for Dominion. Significantly, the allegations made during the dispute, concerning Whim's investments in Canadian and Cypriot companies, feature prominently in the conditions of the Dominion bid.

These include a stipulation that related companies which control about 26 per cent of Whim's capital must not dispose of shares. Dominion directors said they would consider purchasing up to 20 per cent of this shareholding for cash, but they would sell all of Whim's overseas interests.

● Santos, Australia's leading onshore oil and gas producer, plans to sell its smaller exploration activities and concentrate on building its core operations, Reuter adds.

Mr John FitzGerald, general manager for corporate development, said petroleum exploration wells in the Canning and Bonaparte Basins had been targeted for sale. The move followed its A$498m takeover of Peko Oil last November.

Tadiran shake-up forces managing director to quit

By Andrew Whitley in Jerusalem

A SHAKE-UP at Tadiran, the leading Israeli consumer and defence electronics company, has forced the resignation of Mr Yigal Ne'eman, its managing director since 1981.

The departure of Mr Ne'eman, one of the best-known Israeli businessmen, strengthens the hand of Mr Benjamin Gaon, chief executive of Koor Industries, Tadiran's troubled parent, in implementing turnround programmes for Tadiran and the Koor group.

Mr Ne'eman is known to have been opposed to aspects of a reorganisation report recently submitted by Arthur D. Little, the US management consultancy.

Replacing him as chief executive on April 1 will be Mr Yossef Ma'ayan, a former director-general of the Defence Ministry, who currently heads Elisra, another Koor subsidiary.

Koor recently redoubled its search for a foreign partner interested in taking a substantial shareholding in Tadiran. GTE, the US telecommunications concern, has a 6 per cent stake. After two decades of profitability, Tadiran dipped into the red in 1987, recording a full-year loss of $9.2m which is expected to have widened to $20m in 1988 despite increased sales.

In a letter of resignation, Mr Ne'eman claimed that, in operational terms, 1988 had been one of the best years ever for the company, for which military communications is its main strength abroad. Firm orders last year were said to have reached a record $1.25bn.

Shiseido recovers some of 1987 earnings collapse

By Our Financial Staff

SHISEIDO, Japan's largest cosmetics producer, achieved a substantial recovery in its operations for the year to November after overstocking brought about an earnings collapse in 1987.

However, although a 6.4 per cent rise in sales to Y340.8bn ($2.67bn) brought turnover back close to the 1985 peak, pre-tax profits – up 47.4 per cent to Y24.7bn – remained well short of the Y33.1bn attained that year.

The company warned 15 months ago it would take about three years to put the troubled domestic marketing operation back on its feet. It has been acting to diversify into related areas from toiletries to biotechnology while expanding abroad.

Last June Shiseido agreed to pay $345m for Zotos International, a US maker of professional permanent wave hair products.

The progress made in the latest year has enabled Shiseido to lift the final dividend to Y5.50 from Y5, paying a total of Y10.50 against Y10. This was despite a further fall in net earnings per share, to Y29.45 from Y34.90, which the company blamed on an increased tax bill.

Shiseido is changing its year-end, and forecasts parent company pre-tax profits for the 12 months to March 1990 of Y25bn on sales of Y308bn. For the intervening four months, profits of Y6bn are expected on sales of Y100bn, with a projected Y3.70 dividend covering that period and Y11 for the next full year.

INTERNATIONAL APPOINTMENTS

Meyer quits Lazard to join Rothschild & Cie as partner

By Paul Betts in Paris

MR JEAN-CLAUDE MEYER is joining Rothschild & Cie as a general partner. Until recently he was a managing director of Lazard Frères, the French wing of the Lazard banking group.

Mr Meyer's departure from Lazard to Rothschild has been seen as a sign of a rare crack in the facade of the secretive Paris investment bank, which remains the dominant force in France's merger and acquisition market. It is also regarded as reflecting the evolutions which are taking place at Lazard Frères which recently appointed as a partner Mr Jean-Marie Messier, one of the architects of the former right-wing Government's privatisation programme.

Mr Messier, who is 32, has become one of the youngest ever partners at Lazard. At the same time, Mr Meyer is one of the first managing directors to leave the venerable investment bank for a competitor.

Before joining Lazard Frères, Mr Meyer was from 1973 to 1976 technical counsellor at the French Government's regional development agency DATAR, where he was in charge of foreign investments in France. He was subsequently a member of the French interministerial foreign investment committee.

The Rothschilds, who have just recruited Mr Meyer, have made a discreet comeback on the French financial scene during the past few years.

Former New York office chief named Petrobras president

PETROBRAS, Brazil's largest company, has named Mr Orlando Galvao Filho, 48, its president. Mr Galvao succeeds Mr Armando Guedes Coelho, who resigned a month ago.

Mr Galvao, director of the New York office of Petrobras since September, was director of financial services in Brazil for seven years before moving to the US. As director of financial services, he was in charge of day-to-day transactions with foreign creditors.

President José Sarney passed over more senior executives in the company, whose voting capital is 81.4 per cent owned by the Brazilian Federal Government, in appointing Mr Galvao.

★ ★ ★ ★ ★

A CHANGE in leadership has been announced at National Bank of Canada, the sixth largest Canadian chartered bank, *writes Robert Gibbons in Montreal.* Mr Michel Belanger will step down as chairman and chief executive officer when he reaches 60 on September 30. Mr Belanger will continue as chairman of the board and a *director on a part-time basis.* He will be succeeded as CEO by Mr Andre Berard, 48.

★ ★ ★ ★ ★

STONE Container, a leading US-based producer of paperboard and corrugated containers, announced an appointment as a first step in establishing its physical presence in the European Community. Mr John D. Bence, 56, has joined the company as vice president, European packaging operations.

★ ★ ★ ★ ★

TEXAS-based Hughes Tool, which merged with the US West Coast's Baker International in 1987 to form Baker Hughes, one of the world's leading oilfield services group, has reorganised its executive staff. Mr David Barr has been made vice president, North American operations, with responsibility for manufacturing and marketing functions in the US, Canada and Mexico. Mr Barry Kulpa is vice president in charge of the same functions for all international operations. John Cochrun has been promoted to vice president.

★ ★ ★ ★ ★

HONGKONG and Shanghai Banking Corporation has appointed Mr David Eldon as its chief executive officer, Malaysia. Mr Eldon replaces Mr Richard Orgill, who has taken up the position of general manager, international, at the bank's group head office in *Hong Kong.*

★ ★ ★ ★ ★

DANIEL MORRIS has joined the US operations of Barclays de Zoete Wedd (BZW), the international investment banking arm of Barclays Bank, as chief executive of its institutional equity and corporate finance businesses.

INTERNATIONAL CAPITAL MARKETS

US Treasuries slip as Fed publishes its Tan Book

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds started with modest gains yesterday, in a continuation of the positive reaction to Mr Alan Greenspan's fighting talk on inflation on Tuesday.

However, the publication of the US Federal Reserve's Tan Book, a compilation of economic reports from regional Federal Reserve banks, took the edge off the week's euphoria and bonds started sliding as soon as it was released.

The Treasury's benchmark long bond swiftly shed a gain of nearly ½ point to stand ⅛ point lower at midsession, for a yield of 8.795 per cent.

The Tan Book, one indicator of economic performance taken into account when setting monetary policy within the Federal Open Market Committee, showed that economic growth appeared to be strong in late December and early January.

THE CURRENT inscrutability of the Japanese market is due to technical rather than fundamental factors.

There is a tug-of-war over the coupon price to be set on the February issue of 10-year bonds. While dealers are pressing for 4.8 per cent, the official preferred rate is said to be 4.7 per cent.

GOVERNMENT BONDS

A choppy day in the market resulted from tension between players buying in stock in the hope of creating generally hospitable conditions for a new issue and those trying to boost the secondary market yield, so that a 4.8 per cent coupon would look appropriate.

The No 111 benchmark bond opened at 4.83 per cent, traded up to 4.76 per cent, but ended around 4.82 per cent.

Debate over the suitability of the current benchmark bond is also beginning to affect the market, and may soon have a pronounced effect on Japanese government bond futures trading.

The coupon on the No 111 is lower and the issue size smaller than on the No 112, now being mooted as a more appropriate benchmark.

MOST European markets opened firmer yesterday morning, with a pronounced effect from the overnight strength of US Treasury prices. In Sweden, for instance, yields on five-year government bonds were 4 basis points lower than on Tuesday, at 10.48 per cent in the middle of the morning. Later in the day prices tended to drift.

UK gilt-edged securities opened stronger, in line with the US but helped by interest from Japanese and German buyers. That boost tended to run out of steam later in the day.

The March long gilt future closed at a day's low of 97.08 after a high of 97.23 during the morning.

THE Bundesbank announced that terms on a new federal bond would be set on Monday. The previous DM5bn 10-year issue, bearing a 6½ per cent coupon, was launched at the end of the year. It was fixed yesterday, unchanged on Tuesday's price, at 99.25 to yield 6.60 per cent. A similar yield on this month's issue is anticipated.

Meanwhile, the details of the repurchase agreement had little effect on the market. The central bank accepted bids worth DM8.4bn at rates between 5.3 and 5.8 per cent.

A net DM8.1bn drained from the market, which shaved a basis point or two off the shorter end of the market in response to the tightening.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-11	+4/32	10.36	10.53	10.64
		9.750	1/98	99-16	+1/32	9.83	10.03	10.17
		9.000	10/08	99-18	+1/32	9.05	9.18	9.20
US TREASURY *		8.875	11/98	99-17	+1/32	8.94	9.04	9.05
		9.000	11/18	102-08	+10/32	8.78	8.87	8.94
JAPAN	No 111	4.600	6/98	98.5128	-0.319	4.83	4.84	4.67
	No 2	5.700	3/07	109.1549	+0.105	4.78	4.80	4.75
GERMANY		6.375	11/98	98.1000	+0.075	6.67	6.70	6.55
FRANCE	BTAN	8.000	1/94	97.7380	-0.038	8.57	8.52	8.59
	OAT	9.500	5/98	105.9000	+0.120	8.54	8.55	8.61
CANADA *		10.250	12/98	101.6250	-	9.98	10.06	10.09
NETHERLANDS		6.7500	10/98	100.4250	+0.050	6.78	6.75	6.58
AUSTRALIA		12.000	7/99	94.8891	+0.245	12.89	13.14	12.85

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†93½	94	0	0	9.95
A/S Eksportfinans 7¼ 92	150	93⅝	94	+0⅛	+0⅛	9.81
B.F.C.E. 7 92	150	†92⅝	93⅛	0	+0¼	9.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saskatchewan 10½ 92	100	102½	103¼	+0⅛	+0¼	9.66
State Bk S Aust 9¼ 93	100	98⅝	98⅞	+0¼	+0⅞	9.71
Sumitomo Bank 9⅝ 92	150	100	100½	+0¼	+0⅞	9.51
Swed Exp Cred 7¼ 91	100	†93⅞	94⅜	+0⅞	+0¼	9.66
Sweden 7 91	250	93¼	94⅜	+0⅛	+0¼	9.60
Sweden 7 92	250	†93	93½	+0¼	+0¼	9.65
Sweden 8¼ 96	200	96¼	96¾	+0¼	+0⅜	9.43
Sweden 8½ 92	200	†97	97½	+0¼	+0¼	9.41
Victorian Rep 11⅛ 92	150	104⅞	105⅜	+0⅛	+0⅜	9.68
World Bank 7 92	300	†93¼	93¾	+0⅛	+0¼	9.58
World Bank 9 97	300	97⅛	97⅞	+0⅞	+0½	9.40
World Bank 9¼ 98	300	98⅝	99⅛	+0⅞	+0⅝	9.42
Yasuda Trust Fin 8½ 93	100	†95¼	95¾	-0⅞	-0¼	9.77

Average price change... On day +0¼ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	100⅝	101⅛	0	+0½	5.79
Avis Fin.SVS 5⅞ 92	100	99¾	100¼	0	-0¼	5.87
Bank of Tokyo 5¾ 93	100	100¼	100¾	-0¼	-0⅞	5.61
Central BK. Turkey 7 92	200	102¼	102¾	-0½	-0⅞	6.21
Commerzbank o/s. 5⅛ 93	300	99¼	99¾	0	-0¼	5.52
Degussa Int. 6⅛ 97	200	100	100⅝	+0⅛	+0¼	6.06
E.I.B 5½ 98	150	94¼	95½	-0⅛	+0¼	6.20
E.I.B 6 97	300	98⅝	99¼	+0⅛	+0¼	6.18
E.I.B. 6⅛ 96	300	99⅞	100½	0	+0½	6.07
E.I.B. 6¼ 97	400	99½	100¼	-0¼	-0¼	6.16
E.I.B. 6⅞ 95	300	103⅞	104½	0	+0¼	6.11
Euro.Coal& Steel 5⅞ 97	175	97⅞	98⅛	-0⅛	-0⅞	6.24
Eurofima 6¼ 96	100	99½	100¼	-0⅛	-0⅛	6.26
Elec De France 5¾ 97	300	97½	98⅛	-0½	-0¼	6.09
Forsmark Krtg. 5⅛ 93	200	97¼	97⅞	0	+0¼	5.83
I.A.D.B. 6 97	200	98⅝	99¼	+0⅛	+0⅞	6.17
Japan Dev. Bk. 5⅜ 95	300	97⅞	98⅝	-0¼	-0⅞	5.71
Japan Finance 5¾ 97	100	96⅛	96⅞	-0¼	-0⅞	6.31
Ireland 6½ 97	300	99⅞	100⅞	+0⅛	-0¼	6.47
Malaysia 6¼ 94	150	99⅞	100⅞	0	-0⅞	6.24
Nat. West BK. PLC 6 98	300	96⅝	97½	-0¼	-0½	6.42
N.H.L. Finance 6¼ 95	200	†99¾	100¼	0	0	6.24
Nippon Telg.&Tel. 6 95	400	100¼	101	-0⅛	0	6.05
Oesters. Kontbk. 5 93	300	97⅞	98¼	-0⅛	0	5.60
Portugal 5¾ 92	150	99⅞	100½	-0½	-0¼	5.66
Portugal 6⅝ 95	150	100⅞	101¼	-0⅝	-0⅝	6.45
Privatbanken 5¼ 93	150	96⅞	97½	-0¼	-0⅞	6.02
Royal Insurance 5½ 92	300	99⅞	100⅛	0	-0¼	5.45
Soc Cent Nuclear 7¼ 95	150	104½	105	0	0	6.34
Turkey 6½ 95	500	97	97¼	-0¼	-0¼	7.02
Westlb. Finance 5 93	200	†98⅛	99	-0⅛	-0¼	5.34
World BK. 6¼ 97	600	100¼	100⅞	0	+0⅞	6.13

Average price change... On day -0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†98½	98¾	-0⅛	-0⅞	5.22
Asfinag 5 03	100	†97	99	+1½	+1½	5.20
B.F.C.E. 4½ 98	200	†96¼	96½	0	+0⅛	4.99
B.M.W.Fin.Neth. 5 13	150	†93¼	94	0	-1	5.48
Britannia B/S. 4¾ 94	100	†95½	96	0	0	5.17
CIR. Int. W/W 3 93	125	†96	96¾	0	-1⅞	3.96
Credit Lyonnais 4⅞ 00	100	†95¼	96	-0⅛	+0⅛	5.27
E.I.B 4⅞ 98	150	†95	95¼	-0¼	-1¼	5.27
Fletcher Chall. 4⅞ 98	150	†95	95½	-0⅛	-0⅞	5.54
Kobe City 4⅝ 98	150	†96¾	97	-0¼	+0⅛	5.04
Leeds Perm. B/S. 4⅛ 93	200	†96	97	-0⅞	+0¼	5.06
Malaysia 5¼ 98	100	†95	96	0	+1	5.88
Maxwell Comm.Crp. 5 95	150	†99¼	99½	+0⅛	-0⅞	5.11
Nat. Bk. Hungary 5½ 94	75	†97	97¼	+0⅛	-0½	6.09
Nationwide Ang.B/S. 4 93	200	†95	95¼	+0⅛	-0⅞	5.27
Nippon Telg.&Tel.4¼ 95	200	†96½	97	-0⅛	-0¼	4.83
Oesters. Ktbk. 5 03	75	†97	97½	+1	-1¼	5.27
Prov. NewFoundland 5 03	150	†98½	99	0	-1	5.12
Thailand 4⅞ 95	200	†94	94½	0	-0¼	5.71
World Bank 5 03	150	†98	98½	-0⅞	-0½	5.17

Average price change... On day 0 on week -0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101⅞	102⅛	0	0	4.80
Belgium 4⅝ 94	45	98¼	98½	0	+0⅛	4.97
Canada 4⅛ 92	80	98¾	99	0	+0⅛	4.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nationwide BS 10⅞ 93 £	75	96⅝	96⅞	0	+0⅞	11.19
Ned. Midd. Bank 6 92 FL	150	99⅞	99⅞	0	-0¼	6.17
New Zealand 9½ 93 £	100	95¼	95¾	+0⅛	+0⅞	10.84
New Zealand 7¼ 93 ECU	200	99⅞	99⅞	+0⅛	0	7.85
Philips Gleoll. 6 93 FL	300	98⅝	99⅛	0	+0⅛	6.28
Prudential Fin. 9⅞ 07 £	150	90⅝	91⅛	+0¼	+1⅞	10.50
Royal Bk. Scot. 10⅝ 98 £	125	97⅞	98	+0⅞	+1½	11.09
Nippon Telg.&Tel. 6 95	400	100¼	101	-0⅛	0	6.05
Saskatchewan 10¼ 93	200	98⅝	99	+0⅛	+0⅝	10.54
S.D.R. 7¾ 95 ECU	90	98	98⅞	+0⅛	+0¼	8.14
Sth.Aus.Gvt.Fin. 0 94 A$	100	51⅛	52¼	+0¼	+0½	14.14
Union Bk. Switz. 7½ 93	150	†99¼	99⅝	0	-0⅞	7.65
World Bank 5¾ 92 FL	100	98¾	99	0	-0⅞	6.23
World Bank 13¾ 92 A$	100	†98¼	98¾	-0¼	+0¼	13.86
Zentrspk. 13¼ 93 A$	75	97⅝	98⅛	-0⅛	-0⅞	13.84

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.76	99.81	21/01	10.99
Belgium 91 US$	0	100.30	100.40	21/02	9
Britannia 5 93 £	0⅛	99.93	99.98	10/04	13
Chase Manhattan Crp. 91 US$	†0⅛	99.50	99.75	22/02	8.94
Citicorp 98 US$	†0⅛	98.20	98.45	28/02	9.62
Credit Foncier 98 US$	.063	99.71	99.81	20/04	8.44
EEC 3 92 DM	†0	100.92	101.02	22/02	5.63
Halifax BS 94 £	.1	99.89	99.94	8/02	12.29
Iwrl. in Industry 94 £	0	99.98	100.08	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	13/04	13.37
Midland Bank 01 £	.1	97.44	98.06	11/02	11.41
Milk Mkt. Brd. 5 93 £	0⅛	99.98	100.03	30/12	12.06
New Zealand 5 97 £	.07	100.15	100.25	20/02	12.16
State Bk. Nsw. 98 US$	.188	100.44	100.53	13/02	8.87
Woolwich Equit. BS. 93 £	0⅛	99.95	100.00	13/04	13.37
Woolwich 5 95 £	0⅛	99.80	99.84	21/02	12.37

Average price change... On day 0.00 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US$	†8/87	62.	110½	111½	-0⅞	12.36
Amer. Brands 7¼ 02 US$	9/87	56.7	113⅛	114⅛	-0½	3.84
Ashikaga Bank 2⅛ 02 US$	4/87	967.	161	162	-0⅞	10.65
Asics 5 92 DM	12/83	472.7	244½	245⅞	+10	6.84
CBS. Inc. 5 02 US$	4/87	200.	95	96	0	9.06
Comm. Credit 5½ 02 US$	4/87	66.75	64⅞	65⅞	+0¼	55.55
Eng.China Clay 6½ 03 £	9/88	4.8	106¼	107¼	+2⅞	7.65
Fujitsu 3 99 US$	5/84	1106.	245½	246½	+2⅞	1.36
Land Secs. 6¾ 02 £	6/87	6.72	95¼	96¼	+1⅞	10.03
MCA INC 5½ 02 US$	9/87	69.62	84¼	85¼	+0½	23.58
Minolta Camera 2¼ 94DM	2/86	1004.	105⅝	106¼	+0¼	12.53
Mitsubishi Bk. 1¾ 02 US$	9/87	3157.	140⅞	142⅞	-1⅞	4.69
Mitsui trust 2⅞ 01 US$	10/86	1903.	149⅞	150⅞	-2½	4.90
Next PLC 5¾ 03 £	11/87	4.3	99¼	100¼	+0⅛	28.82
Nishi Nipp.Bk. 2⅞ 03 US$	4/88	804.	139½	140½	-0¼	11.45
Omron Tateisi 2⅞ 02 US$	4/87	1310.	209	210	-3½	-1.03
Ranks Hovis 4⅞ 03 £	1/88	3.5	113⅞	114⅞	+0⅞	2.95
Redland 7⅞ 02 £	1/87	5.4	95⅞	96⅞	+1⅞	10.91
Saatchi&Stchi. 6¾ 03 £	†10/89	4.41	99¼	100¼	+1⅛	22.53
Texas Inst. 2⅞ 02 US$	9/87	82.87	74¼	75¼	-0¼	47.04
W.R. Grace 6¼ 02 US$	9/87	42.12	83½	84½	+0½	26.92

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Japan to overhaul stock-index futures rules

By Stefan Wagstyl in Tokyo

RULES governing Japan's newly opened stock-index futures market are being overhauled in an attempt by the authorities to limit wild swings in volumes and prices.

The Japanese Ministry of Finance plans to have the new regulations in place by March 7, the date of the market's next "witching hour," when trading soars in advance of a contract's expiry.

The reforms were prompted by a huge jump in volume and prices at the last witching hour on December 7, the day the Nikkei index soared above 30,000 for the first time.

As the market opened only in September, this was Tokyo's first taste of the frantic burst of activity which often surrounds the expiry of an index futures contract.

The experience prompted an immediate investigation by the authorities, which centred on the role played by foreign houses in running computer-controlled trading programmes.

Under the ministry's proposals, arbitrage trading between the cash market and the futures market would be prohibited for a set period before the close on expiry day – possibly for 30 minutes. Securities companies are also likely to be asked to avoid creating new highs or new lows when trading on their own accounts.

In addition, the ministry plans to ease the rules on short selling in the cash market – that is on placing sell orders for shares without having first bought them.

At present, this is restricted to individual Japanese investors. In future, however, securities companies will be allowed to sell short when they engage in arbitrage trading – when they simultaneously buy the index futures contract. The MoF hopes this will reduce the risk in arbitrage and encourage more securities companies to join the market and so reduce volatility.

The ministry said some rules were being tightened and others relaxed on the hope of creating a more stable market in time for the March expiry date.

However, futures traders are uncertain about the potential impact. Some are worried that a tightening of the rules might cramp the market and restrict growth.

Some Japanese securities companies believe foreign companies are unfairly exploiting the Japanese market, by importing programme trading techniques faster than the Japanese authorities would like. But Mr Setsuya Tabuchi, chairman of the Japan Securities Dealers Association and of Nomura Securities, said at a recent press conference that the MoF should relax rules for everyone rather than impose new controls on foreign houses.

AIBD to ease reporting costs for small firms

By Norma Cohen

THE ASSOCIATION of International Bond Dealers (AIBD), the designated investment exchange for Eurobonds, plans several measures to make it easier for smaller firms to comply with reporting requirements of the UK Financial Services Act.

The measures were approved by the AIBD's board last week.

Securities houses whose Eurobond transactions are minimal will be allowed to avoid the cost of installing the exchange's Trax trade matching and reporting system. Instead, they will be allowed to report their trades directly to the AIBD's London office, which will then put the transactions through the system.

Trax maintenance charges are SFr500 ($320) a month and SFr1.50 a trade. Use of the system is required for all Eurobond transactions in the UK, to meet the price transparency requirements of the Financial Services Act. It is also a trade confirmation and matching system designed to pair trades within 30 minutes of transaction time.

In addition, Eurobond firms which have minimal dealings in other types of securities will be allowed to pass details of those transactions through the AIBD's Trax system which, in turn, will pass them on to the relevant securities exchange.

Separately, the AIBD announced a new Eurobond data base, to be known as Cupid, which places on magnetic tape information previously only available in printed form via the association's international bond manual.

The data contains information on more than 10,000 issues in all currencies. The service will cost SFr26,000 a year.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

Securities houses in pact over Japanese warrants

By Andrew Freeman

AMID HECTIC trading in Japanese equity warrants yesterday, it emerged that leading securities houses in the buoyant sector have decided to make prices on the Tokyo secondary market more transparent.

In addition, two new issues were brought to the market in advance of today's expected $2.5bn of deals.

It was confirmed last night that an informal agreement is now operating between the big four Japanese houses — Nomura, Daiwa, Nikko and Yamaichi — and the non-Japanese dealers, whereby they will make markets to each other in selected warrants in Tokyo.

This follows a recent meeting between the houses and Ministry of Finance officials. It is understood that the ministry requested that the current practice of making prices primarily for internal clients be expanded so that investors are given a clearer idea of warrant prices.

For a trial period, each player will make prices to its rivals in a selection of about 12 different warrants. The result will be a daily list across a range of more than 100 warrant issues.

The consensus in London is that, far from having a detrimental effect, the increased transparency should encourage wider interest in warrants as financial instruments. "Eventually there will be 24-hour trading between London and Tokyo," said one trader.

Turnover in the secondary market in Japanese warrants has increased steadily over the last few days, with market makers estimating daily volume at more than $800m. This follows a day of price weakness last Thursday, when concerted selling followed a poor day on the Tokyo exchange.

Dealers reported heavy activity and large upward price movements yesterday, singling out Maruyetsu warrants which rose strongly on reports that a takeover bid by the Sabu restaurant group was imminent.

Maruyetsu has two sets of warrants outstanding. The "old" rose from 57¼ bid to 69 bid, while the "new" gained 14 points to 49 bid.

Recent new issues ran into some selling, however, as investors steeled themselves for today's jumbo-sized issues. Three deals will be launched for a total of $2.5bn — Sumitomo Metal is launching a $500m issue, Kobe Steel $1bn and Nippon Steel $1bn.

This inevitably overshadowed yesterday's deals, two $90m issues for Dai-ichi Katei Denki, the consumer electronics company, and the Tokyu Store Chain. Both issues carry an indicated coupon of 5⅛ per cent which reflects the borrowers' low international profiles.

Because they are less than $150m, trading in the issues will not be compulsory and liquidity worries were partly to blame for relatively muted debuts.

INTERNATIONAL BONDS

Elsewhere, the Province of Saskatchewan launched a C$300m five-year bond carrying a 10½ per cent coupon. Priced by the lead manager Wood Gundy at 101 to yield around 37 basis points over equivalent Canadian Treasuries, the bonds were trading at less 1.80 bid, just within full fees of 1⅞ per cent.

Late in the day, Kidder Peabody International announced an asset-backed US$100m floating-rate note yielding Libor plus 20 basis points for NJK Financial, a specially-created investment vehicle.

The triple-A rated issue is guaranteed by Financial Security Assurance as part of a structured deal to raise some $162m, including subordinated debt and equity. It is understood that the funds will be used to buy a portfolio of assets for NJK.

The lead manager declined to comment on the nature of the assets underlying the deal. However, it is believed that they are high-yielding sub-investment grade bonds.

Chile prepares to crack economic mould

Barbara Durr on controversial proposals to make a central bank autonomous

THE Pinochet regime has drafted a controversial law to make Chile's central bank autonomous. The law, which is expected to be promulgated later this year, is being called the country's most important economic legislation in decades, although it has come under sharp criticism.

Until now, the Chilean central bank has been under the authority of the Finance Ministry.

Modelled in part on West Germany's Bundesbank, Chile's autonomous central bank would be breaking new ground in the region — no other big Latin American country has one.

However, opposition economists contend the law will extend the military regime's influence over economic affairs for several more years and limit the scope of economic policy-making for future democratic governments.

The Government insists its proposed legislation is an attempt to maintain macro-economic stability by careful monetary control and is designed to protect the regular payment of internal and external debt.

Mr Juan Andres Fontaine, director of studies at the central bank, said an independent central bank would act as a counterweight to prodigal state spending for short-term political gain. "It means, simply and modestly, a formula for good macro-economic administration."

The initial naming of the bank's five-man governing council — which includes the council president — by General Augusto Pinochet has proved most controversial.

Under the new rules, a president would name council members with the approval of the senate. Each member would serve 10 years, with a rotation every two years of one member.

With an eight-year term of office, a president, although he inherits the previous Government's council, would name four of the five members.

Opposition economists believe, however, that the first council, entirely of General Pinochet's choosing, could thwart the incoming democratic government's policies and undermine its economic authority.

Mr Jose Pablo Arellano, director of the corporation for economic investigations for Latin America (Cieplan), a think-tank associated with the Christian Democratic Party, and a leading critic of the law, said it would create "a parallel economic team."

Mr Arellano argued that, given General Pinochet's defeat in last October's plebiscite, a council designated completely by General Pinochet "is unacceptable to the majority of the country."

He pointed to possible conflicts on such important issues as management of the foreign debt. Since the central bank would be in charge of payments, problems could arise if, for instance, the central bank wished to pre-pay a debt and the Minister of Finance disagreed.

In addition, if at the time of negotiations with creditors there were disputes between the central bank and other government authorities, Chile's bargaining position could be seriously weakened.

Augusto Pinochet: did not want to contend with bank

The law does provide some remedies for such disagreements, however.

The central bank would be obliged to keep the president and the senate informed about its policies, and the Minister of Finance could attend council meetings and would have a voice, but not a vote.

He could, however, move to suspend any measure for a period of 15 days to arrive at a consensus, unless members voted four to five for it. Moreover, on critical foreign exchange measures the minister would have a veto unless these were upheld by a unanimous council vote.

While General Pinochet's council members would, under the transitory provisions of the law, be replaced every two years, this would mean that even in the face of government opposition the council could enact any monetary policy until 1992, when a new elected president named his first council member.

In addition, it could take any other measure until 1994, when a second member would be designated.

To minimise such potential policy conflicts, Mr Andres Passicot, executive director of the consulting firm Gemines, suggested that the legislation be amended to oblige the bank to support government policies so long as these do not conflict with its basic objectives of inflation control and payments.

This would be similar to a provision governing the Bundesbank, he added.

The Chamber of Commerce of Santiago said it would prefer the council to "be representative," according to Mr Carlos Recabarren, an economic adviser to the chamber.

One concern among businessmen is that the central bank still holds a significant portion of the country's commercial bank portfolios. In the 1982 financial crisis, the central bank bailed out most of Chile's private banks, taking on $3bn in bad debts.

These debts are still being paid off.

Mr Arellano, of Cieplan, argued that part of the council should be named by an incoming president. This would assure some continuity but also harmony with a new government.

"Central bank decisions are never strictly technical. There is always a political decision before adopting a given policy," he said.

For example, he contended that because the central bank, given its control over external debt and access to foreign exchange, decided on debt-equity swaps, it authorised which investments were to proceed.

Such decisions, he felt, "affect directly the country's strategy of development and have little to do with stability of the currency."

Mr Fontaine, of the central bank, believed the potential conflicts between government institutions were "worthwhile to achieve a decentralisation of power."

He said that in practice these were likely to be fewer than currently imagined because public pressure, such as that which was applied to the US's Federal Reserve and other autonomous central banks, would force common sense to prevail.

As this debate simmers on, the Government's legislative commissions are weighing possible changes, if any, to the law.

As the Government is constituted at the moment, the four-man military junta is the legislative branch and will have final approval of the law.

The law, which was mandated in the 1980 constitution, was predicted nine years ago to be the last of the Pinochet era. The reason: the general never wanted to contend with an autonomous central bank himself.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
NJK Fin. Bermuda†◆	100	(f)	100	1999	25bp	Kidder Peabody
Tokyu Store Chain◆	90	(5⅛)	100	1993	1½/¾	Nomura Int.
Dai-Ichi Katei Denki◆	90	(5⅛)	100	1993	1½/¾	Nomura Int.
Issue update:						
Sanshin Elect.(a)◆	40	5¼	100	1993	1½/¾	Daiwa Europe
Mitsui and Co.(b)◆	1bn	4⅞	100	1993	1½/¾	Nomura Int.
C'wealth Bk.Aust.†◆	400(e)	(e)	100	(e)		CSFB
CANADIAN DOLLARS						
Prov. Saskatchewan◆	300	10½	101	1994	1¼/⅝	Wood Gundy
AUSTRALIAN DOLLARS						
BFG Luxembourg SA◆	50	15	101⅝	1992	1/½	Bankers Trust Int.
Royal Bank of Canada◆	50	15½	101¾	1991	¾/½	Hambros Bank
SWISS FRANCS						
Cofinoga◆	100	5¾	101	1994	n/a	Societe Generale
Asian Devel. Bank★★◆	100	5¼	100½	1997	n/a	Shearson Lehman
Issue update:						
Japan Radio Co.(c)§★★◆	100	½	100	1993	n/a	Credit Suisse
FRENCH FRANCS						
Republic of Finland(d)◆	600	7¾	98¼	1996	1¼/⅝	Banque Indosuez
PESETAS						
EIB◆	15bn	11.4	100	1996	NA	BANESTO

◆ With equity warrants. § Convertible. ★★ Private placement. ◆ Final terms. a)Coupon fixed as indicated. b)Coupon cut by ⅛. c)Coupon fixed as indicated. Put 30/9/91 at 105½ to yield 2.537. d)Fungible with bonds issued 8/4/88 after the first coupon payment. e)Coupon at 8 basis points over 6 month LIBOR. From February 1994 and annually thereafter, the investor may exchange the note for a five year note paying the mean of the 6 month LIBOR. f)

Ambassador to join Shearson

By Haig Simonian in Frankfurt

MR RICHARD BURT, the retiring US ambassador to West Germany, is joining Shearson Lehman Hutton, the US investment bank, in London at the beginning of next month.

Mr Burt, 41, who has no previous banking experience, was appointed Ambassador to Bonn in September 1985, having previously worked in the US State Department as Assistant Secretary of State of European and Canadian Affairs.

Formerly, he was an academic and a reporter for the New York Times.

Details of Mr Burt's new role at Shearson Lehman, where he will be a managing director, are not expected to be released until early next week.

However, bankers say he is likely to have a broad European brief, probably using the contacts gained during his tour of duty to help open doors, notably in Germany, where he has established good links with the financial community. Mr Alfred Herrhausen, the chief executive of Deutsche Bank, wrote the foreword to his book on US-German relations.

Shearson Lehman currently has a 12-man investment banking unit in Frankfurt, as well as longer-established commodity trading and US equity sales operations.

Its German investment banking activities have gradually been stepped up, with corporate finance and mergers and acquisitions, as well as Euro-D-Mark bonds, its main lines of business.

NatWest adds $100m to capital notes issue

By Norma Cohen

NATIONAL Westminster Bank yesterday issued an additional $100m in subordinated variable-rate capital notes, increasing an existing issue to $300m.

The margin on new and existing notes, reset yesterday, is 20 basis points over London interbank offered rates, down from 25 basis points at the last reset period.

Terms of the notes call for the margin to be reset every quarter at a rate agreed on by Merrill Lynch and NatWest. Investors unwilling to accept the reset margin may tender their notes to Merrill Lynch at par.

If Merrill and Natwest cannot agree on a reset margin, the notes will pay a so-called fall-back margin of 80 basis points over Libor. However, investors do not have the right to tender their notes at par if the margin is set at the rate.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Jan 24 Index No.	Mon Jan 23 Index No.	Fri Jan 20 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (208)	857.63	+0.1	10.93	4.16	11.22	0.32	857.06	849.31	844.98	737.40
2	Building Materials (28)	1080.47	+0.6	11.79	4.21	10.43	0.00	1074.30	1053.38	1040.26	975.94
3	Contracting, Construction (39)	1601.77	-1.4	12.37	3.81	10.54	0.00	1624.75	1597.70	1593.00	1469.30
4	Electricals (10)	2486.13	+0.2	8.71	4.54	13.85	0.00	2482.05	2469.42	2448.75	2041.33
5	Electronics (30)	1946.81	+0.4	9.63	3.35	13.44	0.00	1938.62	1932.97	1951.61	1484.59
6	Mechanical Engineering (55)	449.84	----	10.59	4.17	11.50	0.03	449.89	448.24	443.57	387.49
8	Metals and Metal Forming (7)	487.94	-0.3	15.73	6.04	7.19	0.00	489.30	487.65	484.14	437.23
9	Motors (17)	284.87	+0.2	11.56	4.65	10.04	0.00	284.34	281.12	276.85	275.84
10	Other Industrial Materials (22)	1436.91	+0.1	9.58	4.38	12.38	3.28	1435.72	1423.88	1414.57	1242.55
21	CONSUMER GROUP (187)	1103.55	-0.3	9.42	3.81	13.30	0.67	1107.22	1095.49	1090.76	1041.73
22	Brewers and Distillers (22)	1215.83	+0.3	10.40	3.66	11.92	0.00	1212.16	1197.16	1189.59	983.21
25	Food Manufacturing (21)	990.70	-0.6	9.28	3.88	13.52	1.34	996.27	990.84	988.20	852.79
26	Food Retailing (15)	1942.08	-0.7	9.34	3.62	14.09	4.84	1955.01	1938.03	1950.63	2075.67
27	Health and Household (13)	1946.75	-1.1	6.89	2.78	16.63	0.20	1967.73	1943.23	1933.59	1802.07
29	Leisure (33)	1447.35	-0.4	8.38	3.60	15.10	0.00	1453.17	1441.70	1428.39	1193.54
31	Packaging & Paper (17)	567.64	-0.2	9.83	4.04	12.66	0.26	569.02	568.14	566.92	495.10
32	Publishing & Printing (18)	3479.20	----	9.03	4.51	13.87	2.12	3481.28	3462.79	3441.48	3432.35
34	Stores (34)	744.12	+0.2	11.38	4.63	11.57	0.29	742.77	727.86	721.86	846.82
35	Textiles (14)	500.90	-0.2	13.90	5.68	8.61	0.00	501.66	499.39	501.21	589.41
40	OTHER GROUPS (92)	971.85	+0.4	10.58	4.43	11.59	0.07	967.71	959.33	956.22	864.30
41	Agencies (18)	1170.08	+0.9	8.21	2.52	15.38	0.00	1159.25	1165.63	1152.63	1092.99
42	Chemicals (22)	1113.10	+0.4	11.52	4.74	10.46	0.23	1108.98	1094.77	1093.69	1048.79
43	Conglomerates (12)	1344.26	-0.4	9.99	5.35	11.76	0.00	1349.99	1336.77	1323.23	1165.13
45	Shipping and Transport (12)	2043.57	+0.1	9.73	4.00	13.44	0.00	2041.80	2022.91	2007.67	1847.17
47	Telephone Networks (2)	1060.80	+0.7	11.07	4.43	11.74	0.00	1053.45	1044.03	1047.17	983.24
48	Miscellaneous (26)	1316.55	+0.9	10.83	4.16	10.51	0.27	1304.65	1294.66	1290.43	1170.81
49	INDUSTRIAL GROUP (487)	1020.70	----	10.16	4.07	12.18	0.40	1020.85	1011.02	1006.72	924.43
51	Oil & Gas (13)	1867.28	-0.1	9.88	5.95	12.95	0.00	1869.88	1871.35	1866.70	1737.29
59	500 SHARE INDEX (500)	1092.64	----	10.12	4.33	12.28	0.37	1092.99	1084.03	1079.69	993.33
61	FINANCIAL GROUP (126)	717.98	-0.3	-	4.97	-	0.15	719.99	714.22	709.83	657.70
62	Banks (8)	713.53	+0.2	20.08	6.14	6.68	0.00	712.05	708.90	704.92	665.49
65	Insurance (Life) (8)	1015.93	-2.0	-	5.31	-	0.00	1036.61	1037.07	1017.76	986.83
66	Insurance (Composite) (7)	567.38	-0.7	-	5.51	-	0.00	571.46	560.99	557.49	589.38
67	Insurance (Brokers) (7)	969.14	-0.5	9.03	6.71	13.03	0.00	974.08	973.10	975.03	895.23
68	Merchant Banks (11)	331.74	+0.2	-	4.52	-	0.00	331.10	328.26	329.95	345.73
69	Property (53)	1255.77	-0.2	5.77	2.67	22.08	0.05	1257.78	1245.24	1238.39	1022.08
70	Other Financial (32)	369.86	+0.5	9.43	5.44	13.23	0.86	368.01	364.15	363.62	391.42
71	Investment Trusts (76)	1003.87	+0.2	-	3.04	-	0.51	1002.08	998.33	993.96	838.42
81	Mining Finance (2)	616.14	+0.8	9.92	3.39	11.23	0.00	611.32	610.64	613.18	423.98
91	Overseas Traders (8)	1339.76	+0.4	8.74	4.72	13.26	0.00	1334.01	1320.99	1318.10	1008.64
99	ALL-SHARE INDEX (712)	1000.63	----	-	4.38	-	0.31	1001.08	993.14	988.99	982.73

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 24	Jan 23	Jan 20	Jan 19	Jan 18	Year ago
FT-SE 100 SHARE INDEX♦	1939.0	-2.1	1967.1	1937.0	1941.1	1924.7	1917.5	1910.8	1892.1	1765.2

FIXED INTEREST

	PRICE INDICES	Wed Jan 25	Day's change %	Tue Jan 24	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.94	+0.11	118.81	-	1.20
2	5-15 years	136.05	+0.12	136.02	0.14	1.35
3	Over 15 years	150.29	+0.19	150.00	-	0.00
4	Irredeemables	172.32	+0.37	171.69	-	0.00
5	All stocks	133.57	+0.13	133.40	0.07	1.15
	Index-Linked					
6	5 years	131.43	+0.12	131.27	-	0.00
7	Over 5 years	128.68	+0.32	128.27	-	0.42
8	All stocks	128.70	+0.31	128.31	-	0.38
9	Debentures & Loans	116.38	-0.02	116.40	-	0.26
10	Preference	88.53	-0.13	88.65	-	0.17

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 25	Tue Jan 24	Year ago (approx.)
	British Government				
1	Low	5 years	9.19	9.19	8.82
2	Coupons	15 years	8.89	8.91	9.33
3		25 years	8.82	8.84	9.19
4	Medium	5 years	10.13	10.15	9.37
5	Coupons	15 years	9.37	9.39	9.53
6		25 years	9.02	9.04	9.37
7	High	5 years	10.38	10.41	9.46
8	Coupons	15 years	9.53	9.55	9.68
9		25 years	9.07	9.14	9.41
10	Irredeemables	†	8.84	8.87	9.14
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.54	3.41	2.41
12	Inflation rate 5%	Over 5 yrs.	3.67	3.69	3.99
13	Inflation rate 10%	5 yrs.	2.66	2.11	1.45
14	Inflation rate 10%	Over 5 yrs.	3.50	3.52	3.82
15	Debs &	5 years	11.75	11.71	10.90
16	Loans	15 years	11.39	11.32	10.86
17		25 years	11.03	10.97	10.86
18	Preference	†	10.16	10.15	10.51

♦Opening index 1966.7; 10 am 1961.8; 11 am 1959.8; Noon 1955.3; 1 pm 1957.6; 2 pm 1958.7; 3 pm 1954.7; 4 pm 1951.2; 4.05 pm 1951.2 (a) 9.03am (b) 4.56pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	93	3	15
Corporations, Dominion and Foreign Bonds	16	0	35
Industrials	565	341	680
Financial and Properties	284	98	288
Oils	33	20	47
Plantations	5	1	6
Mines	66	24	96
Others	98	34	100
Totals	1,160	521	1,267

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Amount ... [illegible] ... by tender.♦ Offered to holders of ordinary shares as a "rights".† Introduction.§Placing price.†† Reintroduction.♦ Issued in connection with reorganisation merger or takeover.‡ Allotment price.♦ Unlisted securities market.♦ Official London listing.□ Including warrants entitlement.* Third Market.

TRADITIONAL OPTIONS

- First Dealings Jan 23
- Last Dealings Feb 3
- Last Declarations May 4
- For settlement May 15

For rate indications see end of London Share Service

Calls in Control Sec, Corton, Beach, Charterhall, Premier Cons, Dixons, Edmond Hldgs, Maxwell Comm, Goodman Grp, Leslie Wise, Ayrshire Metal, Elswick, Prospective Grp, Burton Grp, Downiebrae Hldgs, WHS, Next, Burns-Anderson, Conroy Pet, Connells Est, Put Control Sec, LASMO.

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*475)	460	16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	500	½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Airways (*181)	160	22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	180	2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. & Comm. (*237)	220	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	240	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P. (*268)	260	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	280	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Steel (*71)	50	21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	60	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	70	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass (*881)	850	32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	900	2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire (*400)	390	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	420	¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*1300)	1250	55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1300	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1350	½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*290)	280	11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	300	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*487)	460	37	44	61	[illegible]	[illegible]	[illegible]
	500	12	23	40	[illegible]	[illegible]	[illegible]
BAA (*281)	280	9	20	24	[illegible]	[illegible]	[illegible]
	300	1	9	-	[illegible]	[illegible]	[illegible]
BAT Inds (*499)	460	45	54	65	[illegible]	[illegible]	[illegible]
	500	15½	27	38	[illegible]	[illegible]	[illegible]
Brit. Telecom (*271)	260	15	28	30	[illegible]	[illegible]	[illegible]
	280	3	12	18	[illegible]	[illegible]	[illegible]
Cadbury Schweppes (*349)	330	27	38	50	[illegible]	[illegible]	[illegible]
	360	8½	21	33	[illegible]	[illegible]	[illegible]
Guinness (*372)	300	76	82	88	[illegible]	[illegible]	[illegible]
	330	46	52	60	[illegible]	[illegible]	[illegible]
	360	20	28	38	[illegible]	[illegible]	[illegible]
LASMO (*477)	420	65	83	98	[illegible]	[illegible]	[illegible]
	460	34	54	72	[illegible]	[illegible]	[illegible]
	500	13	33	52	[illegible]	[illegible]	[illegible]
P. & O. (*610)	500	118	130	135	[illegible]	[illegible]	[illegible]
	550	68	82	90	[illegible]	[illegible]	[illegible]
	600	27	40	53	[illegible]	[illegible]	[illegible]
Pilkington (*233)	200	35	45	46	[illegible]	[illegible]	[illegible]
	220	17	26	31	[illegible]	[illegible]	[illegible]
	240	5½	14	17	[illegible]	[illegible]	[illegible]

[illegible]

January 25 Total Contracts 85,101 Calls 69,769 Puts 15,333 FT-SE Index Calls 10190 Puts 5605 *Underlying security price.

Wembley withdraws from Thomson T-Line talks

By Ray Bashford

WEMBLEY, the diversified leisure group, yesterday terminated takeover talks with Thomson T-Line, saying it did not intend to make an offer for the industrial holding company "at this time".

The surprise appearance last Monday of Hanson, the UK conglomerate, as a 5 per cent shareholder in Thomson was the key to Wembley's decision to bow out of the talks.

Mr Brian Wolfson, Wembley chairman, said that Hanson had "confused the market" by making the surprise decision to buy the stake.

However, by adding that it did not intend to make an offer "at this time" Wembley's carefully worded statement appears to leave the way clear for talks with Thomson to resume.

Thomson yesterday released interim figures for the six months to October 31. With a first full half year contribution of £4.1m from Vernons football pools, acquired last February for £90m and at the centre of the takeover fight, pre-tax profits rose from £1.2m to £8m. Turnover amounted to £56.6m (£19.5m), £21.1m of which was attributable to Vernons.

The figures also included a £1.1m profit on the sale of property.

The second largest contributor to turnover was the electronic and electrical division which returned £15.9m (£5.8m). However, profits from the division rose only £400,000 to £1m.

Mr Cyril Stein, chairman and managing director of Ladbroke Group, the international leisure company which is offering 90p cash per share for Thomson, said that the Thomson board "should have come clean" with a profits forecast for the year.

Hanson acquired the bulk of its holding last Friday at between 92.5p and 94p per share, triggering speculation of a bid and a sharp rise in the shares amid relatively heavy trading.

Wassall, the mini-conglomerate in which Hanson has an 11 per cent interest, was making expressions of interest in Thomson last Friday. Wassall and Hanson directors have refused to comment on the situation.

The departure of Wembley, which has been widely reported as the mystery group in the takeover talks before yesterday announcement, took much of the heat out of Thomson shares which fell 6p to 93p.

Newman Tonks tops estimates with 20% advance to £16.8m

By Richard Tomkins, Midlands Correspondent

NEWMAN TONKS, the Birmingham-based manufacturer of building products and architectural hardware, produced better-than-expected pre-tax profits of £16.82m for the year to end-October on turnover of £145.87m.

The figure is an increase of 20 per cent over last year's £14.06m, achieved on a turnover of £129.21m. The shares advanced 8p to 191p.

Earnings per share rose 19 per cent from 13.3p to 15.82p and a final dividend of 5.1p is proposed, making a total of 8.5p – a 10 per cent increase over last year's 7.7p.

In the last three months of the financial year, Newman Tonks bought Legge, the UK lock manufacturer, took a 31 per cent stake in Tesa, Spain's largest lockmaker, and sold Peerless Plastics Packaging to a management buy-out. It said the net effect of these transactions on profits was minimal.

The lack of well-established lock brands and manufacturing capacity had been a significant gap in its range of hardware, the company said, and the achievement of a position in the UK and European lock markets had been the most important development during the year.

Elsewhere, the two biggest contributors to profits – Briton door controls in the UK and Monarch emergency exit hardware in the US – both turned in strong performances, as did most of thegroup's subsidiaries.

The US contribution again accounted for 20 per cent of group profits in spite of a shift in exchange rates that took the average value of the pound up from $1.57 to $1.78 over the year.

In Europe, Telesco in Spain performed to expectations but Wehag in West Germany turned in the expected loss.

However, Newman Tonks was confident of the strength of Wehag's brand name and of the acceptability of its products – along with those of the group – to West German distributors.

● COMMENT

Another bout of acquisitions and a notable disposal during the year have taken Newman Tonks several more steps towards a sharply focused specialisation in the field of doors and windows, fire and security. More such transactions will come: there are still parts of the group that sit oddly with the mainstream activities, and with negligible borrowings, acquisitions will continue to fill in the geographical and product range gaps. For the current year, new commercial building and refurbishment activity in the UK and prospects for increased market share in the quieter US market should combine with contributions from the acquisitions to produce another 20 per cent increase in profits. At 191p, £20.25m produces a multiple of 11 – fair enough for a company whose results, while never likely to excite, can usually be relied upon to please.

ADT sells last UK cleaning business

By John Thornhill

ADT, the Bermuda-based international services group, is to sell its last remaining UK cleaning business, Mediclean, to ISS of Denmark for an undisclosed sum.

Mediclean, which was formed in 1984, runs a wide range of services for health authority and Ministry of Defence clients, including cleaning and catering. It services 80 hospitals, has a turnover of £24m and employs 6,000 people.

ISS said Mediclean would retain both its management and its autonomy, but believes that it will benefit from its association with ISS. ISS already operates a Birmingham-based cleaning company, ISS Servisystem, which has large contracts with Lincolnshire Council and Heathrow Airport.

The acquisition will substantially increase ISS's presence in the UK. It will increase the UK group's turnover to £50m for 1989, with a workforce of 14,000. ISS also said the UK would become the group's head office for ISS's companies in Europe and Latin America.

This is the second deal between ISS and ADT, formerly Hawley Group, in recent months.

In December, ISS bought ADT's office cleaning business in the US for $69m (£37.6m) cash. Mr Michael Ashcroft, ADT chairman, said at the time that the sale reflected ADT's desire to deploy its resources in higher margin sectors.

Last summer, ADT sold its European commercial cleaning businesses to BET, the UK-based services group, for £44m.

Ford Sellar buys estate for £2m

Ford Sellar Morris has paid £2.15m for an estate in Wood Green, north London, comprising five office and industrial units currently producing annual rent of £163,440.

The vendor was City, West End and Suburban Property.

The souring of a sweet dream

David Waller on Magnet's rise and fall from favour in the City

LIKE RICHARD Branson, another businessman who became fed up with the ups and downs of the stock market, Tom Duxbury of Magnet is something of a visionary.

As with the pop entrepreneur, this has led to much mutual misunderstanding between him and the City, all of which would come to an end if he is successful in pursuing the "go private" option.

The Magnet chairman's vision was based on a feeling that selling kitchens to housewives would be vastly more profitable than selling doors and planks to builders' merchants.

Thus, when Mr Duxbury took management control of the company just four years ago, he set about turning the company into a retailer, abandoning its traditional role as a supplier to the building trade.

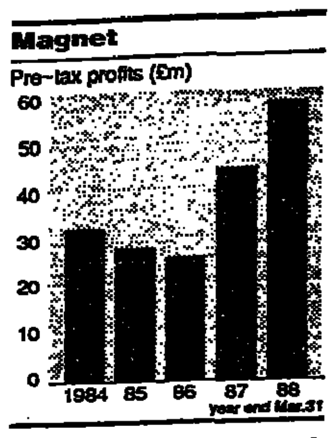
If the profits record at Magnet could be taken in isolation, his visionary strategy would be deemed an unqualified success. Pre-tax profits have risen from £28.2m in 1984-85 to £53.7m in 1988 and an estimated £72m in the current year. Profits in the first half of 1987-88 were greater than for the whole of 1984.

However, in Magnet's case, this impressive record goes hand in hand with a turbulent stock market career. At first, the City did not realise the implications of Mr Duxbury's change in strategy, and was astonished when Magnet unveiled a 71 per cent increase in interim profits back in November 1986.

Astonishment gave way to uncritical admiration for the company, and Magnet became a wonder stock. The share price galloped ahead through the summer of 1987 and Mr Duxbury took the opportunity to hold a £71m rights issue.

Only after the rights issue was enthusiastically taken up, did things start to go sour. It was not so much that the Magnet business was beset by catastrophe, more that brokers' estimates for 1987 were wildly optimistic. They discovered this on a famous trip to the company's headquarters and cut their forecasts, from £70m to a £58m. This was clumsily leaked to the market and Magnet's shares lost a sixth of their value in a single day.

The real reason for the gap between City expectations and commercial reality came out into the open a lot later. A "vertically integrated" company, Magnet makes most of what it sells. It had made the mistake of gearing up production in anticipation of sales growth that simply failed to materialise, and were subsequently forced to discount dramatically to offload the excess stock. Analysts had fallen into the trap of of-assuming profits growth to match .



Subsequent events did little to curry favour with the City. The finance director resigned. Worst of all, in June this year Magnet found a buyer for the Southerns Evans timber merchanting business. Mr Duxbury opened himself up to the criticism that he should have sold that business earlier rather than hold a rights issue.

In the event, the sale raised £83.3m, a similar amount to that raised by the rights issue. Most of the proceeds of the disposal are still sitting on the balance sheet, much to the disgruntlement of investors.

So, from being the darling of the building sector, Magnet became something of an investment pariah. Over 1988, the shares underperformed the market as a whole by some 20 per cent. They enjoyed a rating lower than that accorded to the humblest builders merchant.

Yesterday's announcement that Mr Duxbury and his boardroom colleagues are considering a buy-out effectively puts the company up for sale.

Investors will want to know what chances there are of a bid from another party. From one perspective it is not the ideal takeover candidate. It is a complex business straddling both manufacturing and retailing. Moreover, it is perceived to be at a critical stage in its risky reorientation as a retailer. It has been plump with cash and lowly rated for some time and a predator would surely have declared its hand by now.

However the repairs, maintenance and improvement sector of the building trade serviced by Magnet is booming. The company is set to take profits to at least £87m in the year to March 1990. There were plenty of disappointed buyers when Marley sold Payless and Ladbroke bought Texas Homecare, and one of these could be prepared to take the trouble of splitting Magnet's retailing side from the manufacturing business. Names suggested included Woolworth's Comet and MFI.

Estimates of a take-out price range from 300p (Kleinwort Benson) to 350p (County Nat West).

Bowater details possible areas of co-operation with Norton

By Andrew Hill

Bowater Industries, which bought a 24.4 per cent stake in Norton Opax last week, said yesterday that the £69.35m purchase fitted into its strategy of becoming a packaging and printing business.

Mr David Lyon, Bowater's chief executive, met the specialist and security printing company's senior management on Tuesday.

He confirmed that Bowater, which has, in effect, ruled out a full bid for Norton for at least three months, would be a supportive shareholder.

"I think when you have a group of people, such as those at Norton, who are very proud of what they have done and have a strong sense of independence, it is much better to come to them with a plough-share-and-olive-branch approach, than with bugles and fixed bayonets," he said yesterday.

Further more detailed meetings between the two groups are planned for February and March.

Mr Lyon said that, apart from packaging, possible areas for co-operation between the two companies included:

● security cards (Bowater prints identity cards, and Norton bank cards);

● computer stationery (Bowater produces computer paper and Norton computerised direct-mail packages), and

● geographical developments, for example in Australia, where Bowater has a large stationery printing and manufacturing operation, against Norton's comparatively small presence.

Mr Lyon said Bowater considered buying Mr Robert Maxwell's 24 per cent stake in Bowater for some time before he put it up for sale by tender at 195p a share.

Bowater eventually paid 170p a share, and Mr Lyon said at that price the purchase would enhance the group's earnings slightly during the year, if Norton's progress forecasts were met.

Bowater has made a series of disposals and acquisitions recently. These have been part of its move from basic paper and packaging operations to concentrate on industrial products and higher quality designed and printed packaging.

CORRECTION
Michael Black

Michael Black is a wholesale distributor of consumer electronics and small domestic appliances. It was incorrectly described as a retailer in our report on January 19 about Emess's sale of a 60 per cent stake in the company to Michael Black's management.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Chemring, Daejan, Dale Electric, Glasgow Income Trust, Goodhead, Independent Investment, Mosaic Invs, Newmark (Louis), Optical & Medical International, Park Food, Stonehill, Wistrust.

Finals- Derby Trust, Hill & Smith, Kershaw (A), Lonrho, Omnitech, Rank Organisation, Warner Estate.

FUTURE DATES

Interims-

Associated Nursing	Jan. 27
Dudley Jenkins	Jan. 31

Finals-

Cityvision	Feb. 27
Fil Pyfles	Jan. 27
Fleming Claverhouse	Feb. 6
P & P	Feb. 8
Trencherwood	Feb. 14

Camford Eng rises to £4.27m

By David Waller

CAMFORD ENGINEERING, the Stevenage-based motor components manufacturer in which Markheath Securities recently raised its holding to 21 per cent, yesterday reported a 37 per cent increase in pre-tax profits from £3.12m to £4.27m.

Turnover in the year to September 30 rose from £67.47m to £86.25m and earnings per share climbed by 19 per cent to 14.33p (12.03p). A recommended final dividend of 4p takes the total for the year to 5p (3p), an increase of 67 per cent.

Margins improved from 4.6 to 4.9 per cent, reflecting a full year's contribution from a large axle assembly contract for Opal.

● COMMENT

The 6p fall in Camford's share price to 229p yesterday reflects mild disappointment that the company did no more than match expectations at so sensitive a time. Nevertheless, prospects look very bright. At the operating level, Camford should continue to thrive in line with healthy conditions in the UK automotive market. It also looks set to reap substantial rewards from the transfer of its Stevenage press-works to Rover Group's Llanelli plant. By taking on the responsibility for the fate of the employees, Camford will get the factory at a rock-bottom price. It will be able to sell its Stevenage site for £25m-£30m without being obliged to build another factory in the south, leaving it even more cash rich than it would have been. The shares are sitting on a prospective p/e of nearly 13, assuming pre-tax profits of £5.5m in the current year. On earnings grounds, the shares look pricey, but such an assessment ignores the store of property value in the group and the company's attractions to a bidder, whether that be Markheath or not. The Stevanage site alone equates to the company's current market capitalisation; there are other valuable sites near Cambridge and in Bedford.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
AIM Group	int	2.4	Apr 3	2.2	-	7.5
Beales (John)	int	1.85†	-	1.65	-	6.3
Camford Eng	fin	4	Apr 7	3	5	3
Fleming Tech	int	0.2	-	0.2	-	1.5
Goring Kerr	fin	10.5	Apr 1	9.15	15	13.5
Hey & Croft §	fin	1.875‡‡	Apr 6	2.55‡	2.8125‡‡	2.55‡
Knobs & Knockrs§	int	0.8	Apr 6	0.67	-	2
Microgen Hldngs	fin	4.5†	Apr 6	4	6.5	5.5
Newman Tonks	fin	5.1†	Mar 30	4.5	8.5	7.7
Property Sec	int	1.5	Mar 31	1.25	–	3.25
Resort Hotels §	int	0.2	Feb 28	-	-	-
Saga Group	int	3.75☆	Apr 6	3	5.75	4.6
Shield Group	int	1	Feb 24	1	-	3
Specialeyes §	int	0.5	Apr 6	-	-	-
Tace	fin	8	Apr 6	7	11	10
Thomson T-Line	int	1	Apr 21	0.6	-	1.6
Widney	fin	0.5	-	0.6	1	1
Willoughby's	fin	3	-	2	6	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.‡‡On 25p shares. ‡On 10p shares. ☆Second interim dividend. Current period 15 months to January 31 1989.

BOC in £5m UK acquisition

BOC, the industrial gases and healthcare group, is paying £5m to acquire BVP, a Manchester-based company involved in the design, manufacture and marketing of vacuum roll coaters.

The technology is broadly similar to that developed by Airco Coating Technology, a BOC subsidiary based in California, although the British company serves the packaging market rather than the architectural glass and automotive industries.

Plessey suggests defence links with Continentals

By Terry Dodsworth, Industrial Editor

PLESSEY'S defence business would be fatally weakened under the takeover plans outlined by the General Electric Company and Siemens of West Germany, Mr Alan Jones, managing director of Plessey Electronic Systems, said yesterday.

In a wide-ranging attack on the Anglo-German consortium's plans, Mr Jones said that if the takeover were allowed to go through, it would "reduce a very valuable asset to the country at large." The consortium's plans, aimed at avoiding charges of anti-competitive market positions in various product categories, would be unacceptable to the Ministry of Defence in their present form, he added.

Outlining an alternative approach to the development of the European industry, he argued that it would be preferable to allow national defence companies to set up a network of research alliances with Continental groups to bid for competitive contracts.

Plessey, he said, had gone a long way down this route with Thomson, the state-owned French group which was recently involved in the abortive talks to mount a bid against GEC.

As a result of this collaboration, Plessey had won a contract for submarine mast technology and had undertaken a study contract on fibre optic technology, both for the French Navy. The two companies had also worked on the joint development of radar equipment.

Mr Jones refused to discuss the status of negotiations on an anti-submarine warfare deal between the two companies. Plessey and Thomson are believed to have drawn up detailed plans in this area, one of the most sensitive sectors of military contracting, but he said it would be "imprudent" to comment on the situtation.

Commenting on GEC-Siemens' plans for Plessey, he said that in many product areas the two companies had between 50 per cent and 100 per cent of the UK market – the issue which undermined the last GEC bid for its competitor two years ago.

The proposal to build a Chinese wall around Plessey, so that it could compete for contracts against GEC's Marconi division, was unworkable.

Under the suggested arrangement, GEC and Siemens would each have 50 per cent of the Plessey activities. This was bound to lead to a conflict within GEC, he said, because if the Plessey division won a contract, it could only offer 50 per cent of the profits to its parent company, while a victory for Marconi would give the parent 100 per cent of the profits. GEC would tend to support Marconi, he argued, leading to a steady deterioration in the Plessey business.

Mr Jones also attacked proposals to sell bits of the Plessey business, on the grounds that it would destroy the group's strategy of building an organisation with integrated technology.

It would be preferable, he added, to develop the European market so that large contracts of $200m (£113m) and over were agreed collaboratively at government level, with specified work-sharing.

Smaller contracts, on the other hand, should be put out to tender to a number of independent national companies, with carefully laid down specifications. "In the UK there would be at least two champions, but these would have research and development relationships with European companies."

Cowie pulls out of bid talks with Alexanders

By John Thornhill

T. COWIE, the Sunderland-based motor group, yesterday announced that discussions over a possible bid for Alexanders Holdings, Scotland's largest Ford main dealer, have ceased and there is no present intention of making an offer.

Cowie last week had discussions with Hambros, Alexanders' merchant bank, but was told then that it was unlikely that any offer would prove acceptable to Mr Henry Clayton, the majority shareholder and joint managing director of Alexanders. Mr Clayton owns 53.3 per cent of the company.

Cowie announced last Friday that it had raised its stake in Alexanders from 9.7 to 12.33 per cent.

Torex for USM

Torex Hire is coming to the Unlisted Securities Market via a placing which capitalises it at nearly £6m.

Allied Provincial is placing 2.43m shares at 62p each, raising about £1m for the company. Dealings are expected to start on February 3.

Weaker dollar causes 11% fall at Tace

By Vanessa Houlder

ADVERSE EXCHANGE rate fluctuations and increased costs in its sales operations prompted a 11 per cent fall in pre-tax profits from Tace, the process, environmental and quality control company.

Pre-tax profits for the year to September 30 were down from £4.05m to £3.62m, on turnover of £27.08m (£26.97m).

Mr Dick Richardson, managing director, said that the company was pleased with the results, given the heavy investment in infrastructure in its US operations. Benefits from its investment were expected to come through strongly this year, which had started well.

The results were broadly in line with brokers' forecasts and the shares rose 2p to 185p.

An increase in distribution and administrative costs from £6.74m to £8.02m, stemming from the expansion of its US environmental control operations, counteracted a rise in gross profits from £11.41m to £12.57m.

The increased strength of sterling adversely affected turnover by about £1.9m and pre-tax profits by about £600,000.

During the year, Tace paid £1m for Airmatic Engineering in the UK and Goring Kerr, its subsidiary, bought Allen Coding Machines for £3.5m and a 52 per cent share in Hascal System. Earlier this month Tace bought Spirotech, which makes industrial hygiene and medical products.

Increased public awareness and legislation in the US on environmental pollution increased sales and profitability for the Georgia-based Anderson Group, which makes monitoring machines.

An extraordinary debit of £499,000 (£1.24m) resulted from the costs of abortive acquisitions and the withdrawal from certain businesses. The 1987 extraordinary item has been restated to reflect a £500,000 understatement of costs resulting from the closure of Metro Weighing Systems.

Earnings per share fell from 22.67p to 16.89p – reflecting an increase in capital resulting from the £4m rights issue last August. A final dividend of 8p per share was recommended giving a total of 11p (10p) – a 10 per cent increase.

● COMMENT

Tace's share price seems to like doing things by halves. In the months after the stockmarket crash, it shed half its value; then after a rally last summer it again halved its value down to a low of 143p last month. This last nosedive appears to have gone rather too far and the shares have since risen to 185p, helped by a 2p improvement following yesterday's results. The problem behind Tace's fluctuating share price is mainly one of its exposure to the changing value of the dollar. Tace and Goring Kerr both sell almost half their products in the US, although only Goring Kerr's businesses export products from the UK. In fact, Goring's sales and margins have held up reasonably well and so the gloom surrounding the company's prospects appears to have abated. Both company's products are in high growth markets, particularly those in environmental control now that US air pollution rules are becoming law. Analysts expect pre-tax profits of almost £5m for Tace and £3.7m for Goring Kerr. That puts both Tace and Goring Kerr, the share price of which dropped 2p to 273p, on reasonably valued prospective p/e multiples of about 8.5.

Goring Kerr rises to £3m in spite of exchange rates

GORING KERR, the maker of process control equipment which is 52 per cent owned by Tace, yesterday announced an 8 per cent rise in pre-tax profits from £2.78m to £3m for the year ended September 30, writes Vanessa Houlder.

The result was scored on turnover of £11.76m (£10.98m), an increase of 7 per cent.

As with Tace, adverse exchange fluctations hit profit margins on US sales, which account for 43 per cent of turnover. As a result, turnover was reduced by £700,000 and pre-tax profits by £350,000.

During the year, Goring Kerr paid £3.5m for 90 per cent of Allen Coding Machines, a maker of labelling equipment. It also bought 52 per cent in Hascal Systems, which makes weight verification equipment.

The results have been merger accounted to include Allen Coding, which made pre-tax profits of £610,000 (£283,000) on turnover of £2.06m (£1.68m). The results of Hascal have not materially affected group profits.

Mr Dick Richardson, deputy chairman, said that the current year had got off to a flying start with the order book ahead of last year.

Earnings per share increased from 22.7p to 25.4p. A final dividend of 10.5p per share was recommended, making a total of 15p (13.5p), an increase of 11 per cent.

Marconi in seeker radar venture with Dassault

MARCONI, the defence electronics subsidiary of GEC, has signed a joint technology and work sharing contract with Electronique Serge Dassault of France, writes Terry Dodsworth.

The deal, which underscores the increasing amount of European research and development collaboration in the defence industry, covers the fast-developing field of seeker radar equipment. This is attached to anti-air missiles to chase and destroy enemy aircraft and airborn missiles.

Marconi is believed to have about £50m worth of sales in this area, mostly with British Aerospace, while ESD is a strong supplier to Matra, the leading French missile group, as well as to Aerospatiale, the state-owned aerospace group.

GEC currently has a 5 per cent stake in Matra, although there have been suggestions that it may try and increase this shareholding.

The agreement covers co-operation on all air-to-air missile programmes, both existing and future, requiring radar seekers on which either company may be involved. In addition, the two companies will collaborate on seekers for future surface-to-air missiles.

Marconi yesterday said that the agreement would mean that it would become involved in the development of an air-to-air missile to arm the French Rafale fighter aircraft currently being developed by another arm of Dassault. The radar on this missile is being designed under contract from Matra.

TransCanada PipeLines Limited

NOTICE OF MEETING OF HOLDERS OF FIRST MORTGAGE PIPE LINE BONDS

9¼% Series A due July 2, 1992	16% Series due July 2, 1996
9¼% Series B due July 2, 1992	16¼% Series due July 2, 1997
8⅞% Series A due May 1, 1993	16½% Series due September 1, 2007
8⅞% Series B due May 1, 1993	

NOTICE IS HEREBY GIVEN that a meeting of the holders of the above Bonds (the "Bonds") of TransCanada PipeLines Limited (the "Company") issued and outstanding under the Deed of Trust and Mortgage and the Trust Deed of Hypothec, Mortgage and Pledge, both dated as of January 1, 1957, between the Company and National Trust Company, Limited (now National Trust Company) (the "Trustee") as heretofore supplemented, changed, modified and amended (collectively, the "Mortgage") will be held on the 8th day of February 1989 at 2:00 p.m. (Toronto Time) at Commerce Hall, Commerce Court West, (King and Bay Streets) Toronto, Ontario for the purpose of considering and, if thought fit, passing an Extraordinary Resolution for the following purposes namely:

1. To assent to the amendment of Section 5.19 of the Mortgage (i) to exempt the redemption by the Company of Reorganization Shares to be issued by it pursuant to a statutory plan of arrangement proposed by the Company (the "Plan of Arrangement"), the redemption of which is required to enable the Company to distribute the Encor Energy Corporation Inc. ("Encor") common shares to the common shareholders of the Company, and (ii) to exclude from the calculation of net income of the Company any losses of the Company resulting from the disposition of the common shares of Encor pursuant to the Plan of Arrangement;
2. To assent to the addition to the Mortgage of new definitions of "Encor", "Plan of Arrangement" and "Reorganization Shares"; and
3. To assent to any changes in the Mortgage which shall be agreed to by the Company and which may be necessary or desirable to carry out such resolutions as may be passed at the meeting and to authorize the Trustee to concur in and execute a supplemental indenture embodying such changes.

This Notice is given pursuant to the provisions of the Mortgage with the intent that any resolution passed as an Extraordinary Resolution at the meeting or any adjournment thereof shall, if passed in accordance with the provisions contained in the Mortgage, be binding upon all of the holders of the Bonds whether present or absent from such meeting or any adjournment thereof and the Trustee shall be bound to give effect thereto accordingly, and with the further intent that in considering and/or passing any such resolution, any such meeting may modify, amend, change, amplify, add to or omit any of the matters and things hereinbefore specified, it being stipulated that the foregoing does not purport to specify the exact terms of any resolution to be proposed at the meeting, but only to indicate the general nature of the business to be transacted thereat.

This Notice, the text of the proposed Extraordinary Resolution, a letter from the President and Chief Executive Officer of the Company, a memorandum describing the proposed amendments and the reasons therefor, regulations and instructions to holders of Bonds relating to attendance and voting at the meeting and a form of proxy are being mailed to all registered holders of the Bonds. Copies of such documents, forms of proof of ownership certificates and other documents to enable the holders of unregistered Bonds to be present and vote at such meeting and any adjournment thereof in person or by proxy without producing their Bonds may be obtained on application to any of the offices of National Trust Company mentioned below:

6th Floor	1008 Home	2000 McGill College	Suite 900	393 Portage Avenue
21 King Street East	Oil Tower	Avenue	666 Burrard Street	Winnipeg, Manitoba
Toronto, Ontario	324 – 8th Avenue S.W.	Mezzanine Level	Vancouver, British	R3B 3H6
M5C 1B3	Calgary, Alberta	Montreal, Quebec	Columbia	
	T2P 2R2	H3A 3H4	V6C 2Z9	

or will be sent without charge to a holder of a Bond upon request by calling (416) 361-3926.

Bondholders resident in the United Kingdom may obtain the relevant documents from: The Royal Bank of Scotland plc, Registrar's Department, 29 Gresham Street, London, England, EC2V 7HN.

DATED the 13th day of January, 1989.

NATIONAL TRUST COMPANY, Trustee

UK COMPANY NEWS

Saga sharply higher at £4.31m

By Clare Pearson

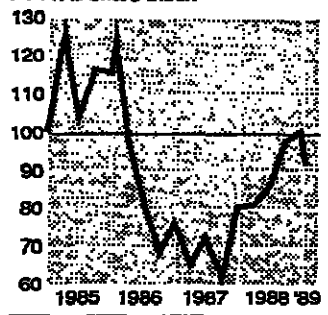
IMPROVED OVERHEAD control together with higher cash balances meant pre-tax profits of Saga Group, chiefly a tour operator for the over-60s, almost doubled to £4.31m in the 12 months to end-October. Turnover rose from £85.3m to £99.52m.

The company, which is changing its year-end to January 31, announced a second interim dividend of 3.75p, making 5.75p (4.6p) for the 12 month period. There will be a further small payment for the remaining, seasonally loss-making three months.

Earnings per share came out at 17.01p (6.74p).

Profits from the sale of Saga's former head office produced a £2.97m extraordinary credit. The sale helped cash balances increase to £32.7m (£22.37m). Net investment income amounted to £2.64m (£2.02m).

The period saw the development of Saga's newer businesses in publishing and financial services targeted at the elderly. None of these ventures made a significant contribution, although it is hoped they will show appreciable growth next year.



But only moderate growth looks likely from travel activities. Mr Roger De Haan, chairman, said it was early days to tell how strong bookings would be in 1989 though initially they had been sluggish in the UK, but ahead in the US.

Gross profits before administration and marketing expenses of £20.21m (£17.95m) rose by 21 per cent. Overhead controls meant profits from UK holidays increased considerably during the year. But they fell in the US, where the contribution was also affected by adverse exchange rate movements. The four-year old Australian operation increased sales by 53 per cent and is expected to break even during 1989.

Saga said its investment products side, which it developed with a joint marketing venture with TSB announced last March, had been adversely affected by the 1987 stock market crash. But it was beginning to see high rates of renewal in various types of personal insurance.

The publication of the Saga Magazine on a monthly, rather than bi-monthly, basis, and the introduction of the new magazine "Trust", a vehicle for the cross-selling of TSB and Saga products, had involved major changes in organisation.

● **COMMENT**

Saga's shares evoke lukewarm feelings at the moment. Speculation about the state of the market for tours in 1989 is a bit premature, and the company will be providing a clearer picture along with its 15-month results in the spring. It is, however, rather talking expectations down at the moment, so losses in the remaining three months may be quite high, perhaps pushing profits below £3m. It also seems wise to err on the side of caution and look for about £5.5m for the year to end-January 1990. The prospective p/e is around 12.5. As always, the tightly-held shares are at premium, but interesting to hold given what appear to be good growth prospects for the financial services and publishing interests.

Ryan Int may return to market after buy-out

By Nikki Tait

RYAN INTERNATIONAL, the coal-mining and coal recovery group which is currently the subject of a £69.6m management buy-out bid, appears to be considering a return to the stock market within four years.

The present buy-out bid is being made by a new company called Digger, in which both Ryan's existing management and the two principal banks which are providing loan finance for the deal, Bankers Trust and Creditanstalt-Bankverein, will have an equity stake. If the bid, which is due to close next Tuesday, is successful Ryan would shift into the private sector.

However, according to the subscription agreement between the various potential shareholders in Digger, "it is recognised by each of the parties...that it is proposed to seek admission to listing for shares of the company on the Stock Exchange or, if 90 per cent holders agree, on the Unlisted Securities Market, or admission to listing on another registered stock exchange not later than 180 days after publication of the audited annual accounts for the period to end-December 1991 or such earlier date."

Yesterday, Bankers Trust, which has advised Digger on the buy-out plan, was playing down the significance of the reflotation clause. "One shouldn't read too much into it," commented the bank, suggesting that the clause was designed to "focus minds" on the possible exit routes in a few years' time. Mr Crispian Hotson, chief executive of Ryan, was unavailable for comment.

According to the Digger loan agreement, the business is covenanting an improvement in "free cash flow" – profits before interest but with depreciation added back and tax deducted – from just £6.75m in the 18 months to end-June 1990, to at least £8.55m in 1991, and then £13.77m in 1992 – before easing back in 1993. However, yesterday Bankers Trust said that the uneven advance was largely explained by the expected burdens of capital expenditure.

Southern buys minority Folkestone stake

By Andrew Hill

SOUTHERN WATER Authority has bought a 14.6 per cent stake in Folkestone and District Water Company from Allied Dunbar Assurance, opening a new stage of its controversial investment strategy in the region.

Compagnie Générale des Eaux's increased offer for Folkestone was declared unconditional last Friday, but Southern topped the offer price to win the institution's stake.

Southern and its joint venture partner, Associated Insurance Pension Fund – an investment vehicle for Mr Duncan Saville, the Sydney-based businessman – have let their hostile bid for Folkestone lapse.

The authority now intends to maintain a substantial minority stake to encourage future co-operation between Southern and Folkestone.

Southern paid £404.50 for each £10 nominal of ordinary shares, compared with the successful Générale des Eaux offer of £400.

It could increase its holding by buying further shares from Allied Dunbar, which still owns just under 10 per cent of Folkestone, or Guardian Royal Exchange, which has about 5 per cent.

Both institutions committed shares irrevocably to last week's hostile Southern/AIPF bid.

Southern and AIPF together hold 25 per cent of Folkestone and could take the combined holding up to 29.9 per cent.

So far, Southern's strategy for water company investments has involved three stages:

- taking stakes in water companies in an attempt to preserve their independence;
- launching counter-bids if that independence is threatened, and
- holding on to substantial minority stakes if the French companies manage to win control.

Southern and AIPF are counter-bidding for West Kent Water Company, through an AIPF-controlled joint venture. They also hold 35.1 per cent of Eastbourne – which is now controlled by SAUR Water Services – and 32.2 per cent of Mid-Sussex, which is subject to a SAUR bid.

Increased offer for Mid Southern Water, Page 32

John Beales climbs 24%

Diversification from its original underwear and outerwear manufacturing business continued to pay dividends as John Beales unveiled a 24 per cent increase in interim pre-tax profits.

On turnover ahead 28 per cent from £11.99m to £15.35m, the taxable outcome was £1.01m (£812,000). Earnings per 20p share worked through at 12.6p (11.1p) after a tax charge of £300,000 (£210,000). The interim dividend is lifted to 1.85p (1.65p).

Directors said that prospects for the refrigeration and electrical divisions looked excellent, but warned that higher interest rates and reduced consumer spending was likely to limit growth in the textiles side in the short term.

Activity in the latter operation was flat, with no growth in sales and stockholding above budgeted levels for all but the last two trading months of the period.

The group remained committed to further expansion away from its traditional textiles base, and was seeking further acquisitions, particularly in the south of England.

RATNERS GROUP plc

£44,000,000 nominal 4 per cent.
Convertible Bonds due 2002
Adjustment of Conversion Price

NOTICE is hereby given to the holders of the £44,000,000 nominal 4 per cent. Convertible Bonds due 2002 (the "Bonds") of Ratners Group plc (the "Company"), that, pursuant to Clause 5(B)(vii)(b) of the Trust Deed constituting the Bonds, following the rights issue by the Company of 48,016,438 new ordinary shares of 10p each announced on 11th October, 1988 (the "Rights Issue") the Conversion Price of the Bonds is adjusted, with effect from 9th December, 1988, so that the Conversion Price is 482p per ordinary share of 10p nominal value ("Share").

Prior to the adjustment, the Conversion Price was 500p per Share.

26th January 1989

SWISS VOLKSBANK FINANCE (CAYMAN ISLANDS) LTD.
Grand Cayman

Notice to holders

of the Warrants «B» under the 6½% US$ 75 million Guaranteed Notes with Warrants 1985–90

The Board of Directors of Swiss Volksbank decided on January 18, 1989 to offer in the period from February 21 to March 3, 1989 approx. 75'000 shares of SFr. 500 nominal value each to the present shareholders and holders of Bearer Participation Certificates at a ratio of one new share for every 16 shares or every 160 Bearer Participation Certificates respectively. These shares were previously issued in order to guarantee the right to acquire shares resulting from the exercise of Warrants. Since the option period has lapsed without the Warrants being exercised, these shares are now at Swiss Volksbank's disposal.

The subscription price of the shares will be announced on February 15, 1989. The shares will rank for dividend from January 1, 1989.

In connection with the above transaction, the holders of the Warrants «B» under the 6½% US$ Guaranteed Notes with Warrants of Swiss Volksbank Finance (Cayman Islands) Ltd. should note that

a) Exercise of the Warrants «B» to purchase shares cum subscription rights can take place up to and including February 13, 1989 at a price of SFr. 1'948.– per share.
b) The exercise right of the Warrants will be suspended starting from February 14, 1989 up to and including March 2, 1989.
c) The new exercise price will be adjusted on March 3, 1989 in accordance with the Terms of the Notes as specified in the Description of the Warrants and published as soon as possible thereafter.

January 26, 1989

SWISS VOLKSBANK FINANCE (CAYMAN ISLANDS) LTD.

	Euro-clear	CEDEL	Swiss Security No.
Notes with Warrants	014.026	293.468	705.867
Warrants «B»	014.029	604.593	132.056

UK COMPANY NEWS

Microgen manages slow growth to £10m for year

By John Thornhill

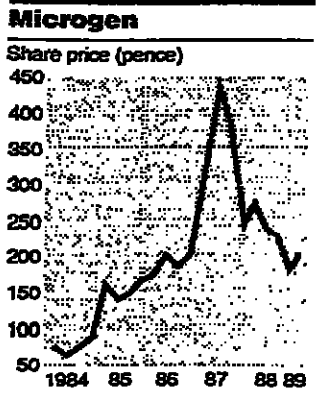
MICROGEN HOLDINGS, computer bureau services company, has achieved its 14th consecutive year of growth in turnover, profits and earnings per share, but at its slowest rate. Pre-tax profits grew by 4 per cent to £10.04m in the year to October 31, up from £9.61m.

Turnover increased by 12 per cent to £39.53m (£35.42m).

Microgen and Scan Laser, the company's two UK concerns, experienced slow growth during the year and their profits would have fallen but for acquisitions. In June, Scan Laser acquired Imagen, a laser printing bureau operator based in the London Docklands. In July Microgen bought MPCS, a micrographics supply company, now trading as Microgen Equipment and Supplies.

Mr Patrick Barbour, chairman, said a fall in the volume of Stock Exchange business and an understaffed sales force at Scan Laser had contributed to lack of growth. But the main reason had been a lack of sales focus, activity and drive in both companies, despite an increase in sales costs of 32 per cent at Microgen.

Microgen



To rectify the problem, the company has reorganised its selling efforts. Microgen has moved from a geographical to a *functional structure* and Scan Laser's now fully staffed sales force concentrates on six vertical markets sectors.

Capella Group, Microgen's Scandinavian business, performed well and contributed 23 per cent of total profits.

Earnings per share increased by 5 per cent to 17.1p (16.3p). The recommended final dividend of 4.5p makes a total of 6.5p (5.5p). The shares added 12p yesterday to 207p.

● COMMENT

There is a feeling that Microgen has taken its eye off the ball in the past year and that its results have suffered as a consequence. The poor performance was widely expected, although it is thought that the worst has now been seen; this belief accounted for the otherwise curious rise in share price. The corrective action that has been taken should be enough to rejuvenate growth this year. Increased emphasis on sales targeting, renewed rigorous management and a general re-focusing of the business will all help to restore vim to the business. The company has had a good run since its flotation and should pick up again by the second half. Pre-tax profits may be about £12m, making a prospective p/e ratio of 9.9. Microgen will once again look attractive if it can return to the basics which produced it its initial successes.

THF sells 5% stake in First Leisure

By David Waller

TRUSTHOUSE FORTE, the hotels and catering group, has sold its near five per cent stake in First Leisure, which has interests including discos, bowling and the Blackpool Tower, raising £10.8m.

THF had its stake from the days when Lord Delfont, First Leisure's recently reappointed chairman, led a buyout of THF's leisure interests to form First Leisure five years ago.

THF said the time was now right to take its profits and invest the proceeds in its core businesses.

The 7.5m shares were sold at 144p each. Of the total, 100,000 went to Lord Delfont and 5.5m to a range of City institutions. The balance went to London & Merchant Securities, taking its holding in First Leisure to just over 41m shares.

Property Security

Taxable profits rose 35 per cent to £2.65m at Property Security Investment Trust in six months to September 30. Interim raised to 1.5p (1.25p) on earnings of 2.09p (1.56p).

Graham Wood to join main market

By Clare Pearson

GRAHAM WOOD, south east-based structural engineer specialising in steel frames for buildings, is joining the main market via a placing of 1.82m ordinary shares at 185p each.

Graham Wood, whose origins lie in a management buyout from Amsteel Group in 1984, is thought to be the first company funded by the Government's Business Expansion Scheme to seek a full listing. With a market value of £6.44m, it will also be one of the smallest companies on the main market.

The placing, arranged by The British Linen Bank, is of 44.5 per cent of the enlarged equity and will raise about £1.5m of new funds.

The shares are being placed on a p/e of 8.3 times prospective fully-taxed and fully-diluted earnings for the year to end-March. Pre-tax profits of £1.08m are forecast, compared with £575,000 last time.

The company has benefited from increasing demand in recent years for structural steelwork, and the adoption of so-called "fast-track" construction techniques, allowing a number of different trades to work at the same time.

These particularly suit steelwork. In 1983 it provided the steel frame, decking, and staircases for No.1 Finsbury Avenue in the City of London, one of the first "fast-track" buildings in the UK.

Aside from design, fabrication and erection of steelwork and associated trades, such as fire-protection, it is also involved in a number of specialist activities such as quantity surveying.

Knobs & Knockers doubles to £0.4m

Knobs & Knockers, USM-quoted specialist brassware and hardware retailer, more than doubled pre-tax profits from £203,000 to £408,000 in the six months to September 30 1988. Turnover rose 84 per cent to £7m.

Earnings per 10p share grew to 3.18p (1.72p), the interim dividend is raised to 0.8p (0.67p).

Mr Michael Warshaw, chairman, said the company remained committed to enlarge all its specialised hardware activities.

SHARE STAKES

Changes in company share stakes announced recently include:

ASW Holdings – Charterhouse Development Capital has reduced its total holding to 2.05m ordinary (3.14 per cent) with the disposal of 3.47m.

Bertam Holdings – Mr Annesley Keown has bought 7,500 shares at 69p each.

Bradstock Group – Funds under the management of Scottish Amicable Investment Managers now hold 1.5m ordinary (6.2 per cent).

Dewey Warren – Establishment Plambuit, the parent company of Aegean Trust, is, with discretionary clients, interested in 3.82m ordinary (7.33 per cent).

Elswick – Scottish Amicable Investment Managers has increased its holding to 7.04m ordinary (5.27 per cent) with the acquisition of 650,000 shares.

Osprey Communications – Hill Samuel Smaller Companies Trust has acquired 72,072 ordinary to bring its holding to 463,964 (6.27 per cent).

Portsmouth and Sunderland Newspapers – Courtaulds Pensions Investment Trustees has reduced its interest to below 5 per cent with the disposal of 600,000 ordinary.

SD-Scicon – Morgan Grenfell Investment Management has purchased shares, through discretionary clients under its management, bringing its total holding to 34.96m (17.35 per cent).

Thomson T-Line – Gartmore Investment has reduced its holding to 0.91 per cent with the sale of 250,000 ordinary at 94p each.

Willaire Group – South Yorkshire Pension Authority has acquired 7.77m ordinary (10.3 per cent).

Wyndham Group – Mr Brian Brownhill, chairman, has increased his holding to 725,000 ordinary (12.92 per cent) with the purchase of a further 20,000. Mr Brynmor Jones, managing director, has acquired a further 9,645 ordinary, bringing his holding to 160,000 (2.85 per cent).

UK COMPANY NEWS

SAUR increases offer for Mid Southern to £58.6m

By Andrew Hill

SAUR WATER Services, a subsidiary of Bouygues, the French construction and service company, has increased its recommended cash offer for Mid Southern Water Company from £50m to £58.6m in an attempt to win over institutional stockholders.

The bid for the Surrey-based statutory water company was already the largest of the 14 recent takeovers in the UK private water sector but it seems some shareholders felt it undervalued the redeemable preference stock.

Unusually, the stock represents about 85 per cent of the company's voting capital.

The initial offer was recommended by the statutory water company's directors, who include Mrs Virginia Bottomley, a junior environment minister, before Government policy on water industry mergers was strengthened two weeks ago.

Mid Southern's fixed assets are worth well over £30m – the trigger for the new merger restrictions – so any counter-bid would be referred automatically to the Monopolies and Mergers Commission. The SAUR bid was cleared by the Department of Trade and Industry earlier this week.

At the first closing date on January 24, SAUR owned or had received acceptances representing 38.3 per cent of the entire voting capital, mostly from ordinary stockholders.

Compagnie Générale des Eaux, a rival French water supplier, which owns just under 15 per cent of the Mid Southern votes, has already accepted the SAUR offer.

The final offer will not be increased, even if a counter-bidder emerges, and closes on February 8. SAUR is bidding 140p for £1 of 9 per cent redeemable preference stock 1990, against 125p in the original offer, 160p (125p) for 6.25 per cent 1991 stock, and 250p (170p) for 7 per cent 1997 stock, redeemable in 1997. The offer for ordinary stock is unchanged.

● General Utilities, UK subsidiary of Générale des Eaux, has lifted its stake in South Staffordshire Water Company from 23.9 to 24.4 per cent.

Specialeyes near doubled midterm

Specialeyes, the fast-growing retail optical chain hoisted pre-tax profits by 90 per cent from £283,000 to £538,000 for the 24 weeks to November 11 1988.

Turnover climbed 80 per cent to £4.82m. An interim dividend of 0.5p has been declared on earnings of 1.61p (1.47p).

Hey & Croft up by 64%

HEY & CROFT Group, the USM-quoted housebuilder, yesterday reported taxable profits 64 per cent higher at £2.41m in the year to October 31 1988. Turnover expanded 51 per cent from £13.51m to £20.35m.

Mr Leonard Hey, chairman, played down the "doom and gloom" in the UK housing market.

Group activity had continued at a high level, he said, and with operations concentrated in areas which had seen the largest increase in property values, the directors expressed confidence that improved gross margins would enable the group to have another good year.

After tax of £896,000 (£534,000), earnings per share advanced from 8.6p to 12.5p.

A proposed final dividend of 1.875p makes an effective 2.8125p for the year after adjustment for the capitalisation and consolidation of the shares last August.

Nash Industries up 62% to £1.64m

NASH INDUSTRIES, the packaging, engineering and construction group, ended the year to September 30 1988 with a 62 per cent rise in pre-tax profits from £1.01m to £1.64m.

This result was achieved on turnover up 32 per cent to £21.3m (£16.18m).

Interest receivable of £172,000 compared with a charge of £132,000 last time and there was a contribution of £486,000 (£30,000) representing a share of profits from a related company.

After tax of £607,000 (£377,000) and an exceptional debit of £127,000 (nil), earnings per share came out at 12.1p (9p). The recommended final dividend of 1.8p makes a total of 3p (2.5p).

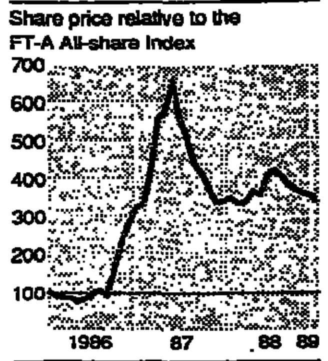
Mr Graham Dowson, chairman, said the group had no borrowings and was well placed to seek out potential acquisitions. The sale of its interest in Wiseoak Group generated a net profit of £1.05m.

This, together with this year's retained profits, has further strengthened the balance sheet, he said, increasing net asset value to 108.6p per share.

In June 1988 Armour Cases and No-Nail Boxes (Europe) were acquired, and these had now been fully integrated within the packaging division. The merged operation will begin to demonstrate its enhanced potential in the current year, he said.

Nash Industries

Share price relative to the FT-A All-share index



News Digest

AIM GROUP
Profits expand 35% to £2.1m

TAXABLE profits rose 35 per cent at AIM Group in the six months to October 31 1988 and the group is confident of another record result.

Profits in the period under review advanced from £1.54m to £2.08m on turnover ahead to £22.46m (£15.73m). The interim dividend is being raised to 2.4p (2.2p) on earnings per 10p share of 12.7p (9.4p).

PLANTATION TRUST
Loss of £33,000 in first half

A loss of £33,000 before tax has been reported by Plantation Trust for the six months to September 30. This compares with a £38,000 profit in the previous first half.

Total income came to £275,000 (£243,000) and total earnings £161,000 (£203,000). Interest debited was £194,000 (£165,000). Net asset value at the end of the half stood at 102.6p (132.5p).

BORLAND INT
Restructuring paying off

Borland International, the USM-quoted microcomputer software company, reported pre-tax profits for the three months ended December 31 1988 of £1.2m (£678,000) on revenue of £23.6m.

This compared with pre-tax profits of £250,000.

Over the nine month period to end-December 1988, however, the company made a pre-tax loss of £4.6m from revenue of £64.6m compared with a pre-tax profit of £5.1m from £47.3m in the comparable period last time.

WIDNEY
Downturn after restructuring

Restructuring of Widney, the electronics, defence systems and engineering group, was reflected in figures for the year to end-September which showed a 28 fall in pre-tax profits from £425,559 to £307,023.

Turnover, however, expanded 60 per cent to £16.13m (£10.1m). Earnings per 4p share dived to 0.3p (3p). A proposed final dividend of 0.5p makes an unchanged 1p for the year.

GLOBE INVESTMENT
Net asset value makes advance

Globe Investment Trust raised net asset value per 25p share from 173.29p to 178.14p basic, and from 170.3p to 175.3p fully diluted, in the nine months to December 31 1988.

Total income was £37.45m (£36.12m) and pre-tax profits grew from £25.49m to £26.45m. Earnings per share worked out at 3.64p (3.42p) basic and 3.62p (3.4p) diluted.

FLEMING TECH
Earnings rise at six months

Fleming Technology Investment Trust pre-tax revenue came through at £706,000, for the six months ended November, against £373,000. The interim dividend is again 0.2p.

SHIELD GROUP
Profits rise but earnings fall

The Shield Group, the property company which gained a full listing in October, achieved a 31 per cent increase in pre-tax profits from £642,000 to £842,000 in the six months to the end of September. The company said that these profits arose mainly from property dealing activities.

They were struck on turnover 64 per cent ahead at £13.44m (£7.29m). Earnings per 5p share fell to 1.28p (4.3p) and the interim dividend is maintained at 1p.

COLORGEN
USM group back in black

Colorgen, the USM-quoted colour systems specialist, edged back into the black in the six months to end-December 1988.

Net income amounted to £1,418 (£800), compared with a net deficit of £226,783 in the corresponding period of 1987. Sales rose 64 per cent from £1.1m to £1.8m.

Mr John O'Brien, chairman, said the breakthrough was the group's first £1m-plus sale to a leading US DIY chain.

WILLOUGHBY'S
Closure brings benefits

Willoughby's Consolidated, involved in mining and ranching in Zimbabwe reported pre-tax profits up from £4.46m to £5.33m in the year to the end of September. Turnover declined to £17.84m (£19.91m).

Earnings rose to 39p (31.8p) and a recommended final of 3p make 6p (2p) for the year.

RESORT HOTELS
Turns in £0.4m profit

Resort Hotels, the hotels group, reported pre-tax profits of £423,000 from turnover of £1.74m in the six months to October 31 1988, and is paying a maiden interim dividend of 0.2p per share. After a nil tax charge earnings per 10p share are 0.89p.

Yearlings at 12.5%

The interest rate for this week's issue of local authority bonds is 12½ per cent, down ⅛ of a percentage point from last week. This compares with 9¼ per cent a year ago. The bonds are issued at par and are redeemable on January 31 1990. A full list of issues will be published in tomorrow's edition.

Corah

Charterhall has declared its offer for Corah unconditional. It remains open until February 3. Charterhall now owns or has acceptances of 90 per cent.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1987							
4th qtr.	108.5	109.5	29.1	133.3	210.8	2,659	262.1
1988							
1st qtr.	108.4	111.0	30.9	135.3	173.3	2,496	249.8
2nd qtr	110.1	112.8	31.2	137.8	181.2	2,384	262.2
3rd qtr.	111.2	116.3	31.4	139.2	188.0	2,228	244.3
4th qtr.						2,101	264.9
March	108.9	111.5	31.7	135.4	175.1	2,454	249.5
April	109.5	112.0	31.0	136.3	180.4	2,409	250.9
May	110.2	113.0	31.3	137.7	180.5	2,384	254.8
June	110.5	113.3	31.2	137.0	182.3	2,304	255.1
July	110.8	115.8	31.1	140.9	181.4	2,267	248.7
August	111.1	116.4	31.5	139.5	187.7	2,226	242.8
September	111.7	116.8	31.4	138.4	183.6	2,192	248.3
October	111.1	116.5	31.7	141.2	188.7	2,139	251.2
November	111.0	116.4		140.4	216.0	2,105	248.2
December				140.3		[illegible]	298.3

OUTPUT- By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987							
4th qtr.	109.1	107.4	108.4	107.7	112.3	103.0	17.8
1988							
1st qtr.	108.8	106.0	108.5	107.4	119.0	104.8	19.8
2nd qtr	112.1	109.2	109.5	110.4	120.8	101.5	22.3
3rd qtr	114.1	115.2	108.6	114.8	123.5	102.4	20.4
March	110.1	109.0	108.4	110.8	113.0	102.0	21.8
April	110.8	106.0	109.5	108.6	124.0	101.0	21.0
May	113.6	108.9	109.8	109.9	120.8	102.0	19.4
June	112.0	112.8	109.1	113.0	119.0	101.0	23.5
July	114.2	112.8	108.6	113.0	126.0	104.0	20.6
August	113.4	116.0	108.4	115.0	126.0	102.0	20.5
Sept.	114.7	116.8	108.7	116.0	119.0	101.0	20.1
October	114.8	114.7	106.2	115.9	125.0	101.0	19.8
November	115.2	114.4	107.9	115.0	118.0	102.0	21.3

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
3rd qtr.	109.2	119.5	-3,201	-1,204	+936	97.9	34.31
4th qtr.	111.9	126.8	-3,290	-1,988	+1,073	97.6	44.33
1988							
1st qtr.	106.5	117.3	-3,952	-2,813	+879	97.0	44.84
2nd qtr	111.1	127.4	-4,521	-2,754	+677	98.6	48.52
3rd qtr	110.5	135.8	-5,629	-3,570	+363	99.1	50.48
February	103.6	116.0	-1,636	-1,168	+302	97.1	42.93
March	107.5	115.7	-1,024	-678	+215	98.8	44.84
April	113.3	124.8	-1,237	-648	+306	98.2	47.88
May	108.8	127.2	-1,713	-1,124	+221	98.7	48.53
June	111.8	131.0	-1,572	-983	+146	98.7	48.52
July	107.8	145.3	-2,687	-2,081	+65	98.6	49.83
August	104.8	130.3	-1,848	-1,161	+141	98.8	50.94
September	118.9	131.2	-1,094	-408	+157	98.9	50.48
October	107.2	146.1	-2,829	-2,529	+98	97.8	50.05
November	110.1	136.4	-2,013	-1,613	+134	97.4	51.84
December							51.07

FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
3rd qtr.	5.8	20.5	19.7	+11,448	1,211	+874	10.00
4th qtr.	4.9	23.0	22.9	+11,302	3,007	+848	8.50
1988							
1st qtr.	6.2	20.9	21.2	+12,903	3,051	+1,836	8.50
2nd qtr	6.6	20.0	19.7	+15,343	4,173	+1,064	9.50
3rd qtr.	7.7	17.1	21.6	+16,740	3,162	+1,137	12.00
February	5.3	20.8	20.5	+2,482	1,102	+321	9.00
March	5.8	20.6	20.8	+3,625	1,089	+426	8.50
April	6.1	21.5	19.7	+6,644	1,576	+261	8.00
May	6.4	20.0	18.9	+3,798	1,398	+365	7.50
June	7.3	18.6	20.5	+5,139	1,239	+439	9.50
July	6.9	18.1	21.1	+6,150	1,362	+298	10.50
August	7.6	15.8	20.6	+3,361	1,179	+518	12.00
September	8.5	17.4	22.7	+5,880	621	+321	12.00
October	7.7	13.7	19.9	+4,218	1,663	+82	12.00
November	7.7	11.8	20.4	+3,381	788	+402	13.00
December							13.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg†	RPI*	Foods	Reuters* cmdty.	Sterling
1987							
3rd qtr.	117.6	95.3	108.6	102.1	100.5	1,647	72.7
4th qtr.	120.5	96.4	109.8	103.2	101.7	1,693	74.9
1988							
1st qtr.	121.6	96.9	111.8	103.7	103.5	1,747	75.3
2nd qtr	124.8	97.3	112.6	106.2	104.6	1,817	77.6
3rd qtr.	127.5	96.8	113.9	108.6	104.7	1,902	75.9
4th qtr.		100.1	115.2	109.9	105.7	1,897	77.5
March	124.0	95.7	111.4	104.1	103.9	1,734	78.8
April	124.3	96.3	112.2	105.8	104.4	1,738	78.2
May	124.1	97.7	112.6	106.2	104.7	1,776	78.4
June	125.9	98.5	113.0	106.6	104.8	1,936	76.3
July	128.3	99.4	113.5	106.7	104.6	1,970	75.6
August	126.8	98.8	113.9	107.9	104.4	1,883	76.5
September	127.3	98.2	114.3	108.4	104.8	1,873	75.5
October	128.9	98.0	114.9	109.5	104.9	1,874	76.3
November	131.2	99.8	115.2	110.0	105.7	1,868	77.1
December		102.6	115.4	110.3	106.5	1,921	79.0

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

PUBLIC WORKS LOAN BOARD RATES

Effective January 25

Years	Quota loans repaid: by EPP†	Quota loans repaid: A††	Quota loans repaid: at maturity	Non-quota loans A* repaid: by EPP†	Non-quota loans A* repaid: A††	Non-quota loans A* repaid: at maturity
1			11½			12¼
Over 1 up to 2	11⅜	11⅜	10⅞	12⅜	12⅜	11⅝
Over 2 up to 3	11⅛	11	10⅝	12⅛	12	11⅜
Over 3 up to 4	10⅞	10¾	10½	11⅞	11¾	11¼
Over 4 up to 5	10⅝	10⅝	10⅜	11⅝	11⅝	11⅛
Over 5 up to 6	10½	10½	10⅜	11	11	10⅞
Over 6 up to 7	10½	10⅜	10⅜	11	10⅞	10⅞
Over 7 up to 8	10⅜	10⅜	10¼	10⅞	10⅞	10¾
Over 8 up to 9	10⅜	10⅜	10⅛	10⅞	10⅞	10⅝
Over 9 up to 10	10⅜	10⅜	10	10⅞	10⅞	10½
Over 10 up to 15	10¼	10	9⅝	10¾	10½	10⅛
Over 15 up to 25	9¾	9½	9⅜	10¼	10	9⅞
Over 25	9⅜	9¼	9¼	9⅞	9¾	9¾

MANAGEMENT: Marketing and Advertising

Pan-Europe campaign

Turning people on to wool

By Alice Rawsthorn

From February onwards a pair of rather rumpled lovers will appear on the pages of Europe's glossy magazines, accompanied by the advertising slogan "Love from Woolmark".

The rumpled lovers are part of the International Wool Secretariat's first pan-Europe advertising campaign. And the campaign is the culmination of two years' research and planning by IWS marketing managers across the continent.

For IWS, the adoption of a pan-European advertising strategy represents a significant departure from tradition. IWS is a marketing organisation sponsored by the sheep farmers – or "wool growers", as they prefer to be called – of the Southern Hemisphere. Its objective is to boost the use of wool all over the world.

Traditionally the nine branches, which form its western European region, have been responsible for advertising in their own national markets. But since the appointment in 1984 of Kjell Ski as the first area director for western Europe, some aspects of IWS's marketing have been centralised.

The branches have since worked more closely together and have adopted a common marketing strategy with three central objectives in the area of apparel:

- encouraging people to choose wool for casual clothing;
- increasing the use of wool for spring and summer;
- enhancing wool's appeal among younger consumers.

Once the nine branches followed the same strategy for apparel it became possible for them to introduce a pan-European advertising campaign. Four IWS branches had been doing so in the carpet area since the early 1980s.

IWS was also encouraged to adopt a pan-European approach by the structural changes that had reshaped the market for apparel wool in Europe since the mid-1980s.

All IWS advertising is aimed at both consumers and the wool textile industry. The original rationale for devolving responsibility for advertising to the national branches was that the needs of each market were very different. The structure of the wool textile industry varied from country to country, while consumers perceived wool very differently in, say, Sweden and Spain.

But in recent years these differences have diminished. The retail sector has been reshaped by the expansion of Benetton and Stefanel outside their native Italy, while Chargeurs, the French wool textile group, has emerged as a force in spinning and weaving across Europe. Moreover, consumer perceptions, especially among the young, have become more uniform.

IWS was convinced that the barriers to a pan-European campaign had disappeared. Two years ago it began a feasibility study of the prospects for pan-European advertising. It established a European marketing committee composed of the publicity managers from the four major markets – France, Italy, West Germany and the UK – and headed by Lars Nilson, director of the Nordic branch.

The committee chose CLM:BBDO, the French subsidiary of BBDO, the international advertising agency, to create the campaign. Rosemary Lickford, the publicity manager in the UK, and Marie-Laure Nouel, her French counterpart, liaised with the agency.

The first pan-European campaign will be introduced to 16 countries next month and will run throughout the spring. The same three ads will appear in each of the 16 countries using the same "Love from Woolmark" slogan and copy translated into 12 languages.

A second campaign will be unveiled in the autumn. The IWS branches in the four major markets will each spend over £1m on the two campaigns this year.

In recent months the objectives of the campaign have acquired an added urgency for IWS. The consumer trends towards natural fibres and more expensive clothing have ensured that the consumption of wool in Europe has increased steadily in the 1980s. But this increase in demand – which has been mirrored in other areas such as North America and Asia-Pacific – has contributed to a rapid rise in the price of raw wool.

The wool price in Australia, the chief source of the world's apparel wool, has jumped by 65 per cent in the last two years. The impact on European prices has been tempered by currency movements. Nevertheless, there has been a significant increase.

The time-lag between the purchase of raw wool in Australia and arrival of a woollen garment in a French or Italian shop means that the full price rise is still filtering through to consumers. It is too soon to say whether European consumers will be prepared to spend more to buy wool. The spinners, weavers, manufacturers and retailers are already grumbling about the impact on their profitability.

When prices have risen in the past it has taken a long, long time before consumers have switched back to wool from less expensive fibres. The new pan-European campaign is an important part of IWS's attempts to stop them switching away from wool this spring.

The IWS campaign has been devised by the French subsidiary of an international agency for use in 16 countries

£21m puts extra fizz in soft drinks

Two new soft drinks brands are to be launched in the UK this year with a massive £21m marketing budget.

Coca-Cola & Schweppes Beverages, the joint venture set up in the UK between Cadbury Schweppes and Coca-Cola two years ago, is launching Sprite and Sunkist this spring.

Sprite, a brand owned by Coca-Cola, is the biggest lemon-lime brand in the world. Sunkist, owned by the US soft drinks subsidiary of Cadbury Schweppes, is the leading US orange carbonated drink.

Penny Davies, marketing director of CCSB says: "This will be the biggest ever new brand launch in the UK. We already have Lilt and Fanta in the fruit-flavoured carbonated market but we needed world class brands with the muscle to dominate the sector."

CCSB, which handles all the UK production and distribution of products owned by Coca-Cola and Cadbury Schweppes, has access to all the internationally selling brands of both companies if it wishes to promote them.

The trading relationship between Coca-Cola and Cadbury Schweppes is seen by both companies as starting to reap profitable growth after what was a difficult period of rationalisation and integration of their UK operations.

The largest soft drinks plant in Europe is currently being built by CCSB at Wakefield in Yorkshire. CCSB says its share of the £2.6bn UK market for fizzy soft drinks, excluding water, has grown from 31 per cent to 35 per cent since the joint venture was forged. The aim, it says, is for CCSB both to dominate and expand the UK soft drinks market. Its major competitor is the UK-based Britvic Corona.

Carbonates are the biggest sector of the £3.9bn soft drinks market and include colas, fruit flavours, adult soft drinks and own-label lemonade.

The flavoured carbonate sector is estimated to be worth about £650m a year and with a growth rate last year of 11 per cent outpaced the market growth of 9 per cent. CCSB said at the trade launch last week: "The key to growth in this sector is through the development of recognised brands rather than unsupported commodity products."

Advertising for Sunkist will feature scenes depicting that rare British commodity, the endless sunny summer. Diet Sunkist will be launched simultaneously and will be aimed at the low calorie sector. Marketing support will total £10m in year one.

Sprite, which will receive £11m in marketing support, will have a "slightly sharper more sophisticated taste" than the product in the US thanks to the results of market research into British tastes.

Advertising for the product will feature environment values which, according to Davis, include "clarity and purity: streams and mountain tops."

Lisa Wood

WCRS creates a media-buying network across Europe

Across Europe, media empires are being established – by the American-based Rupert Murdoch and Britain's Robert Maxwell, Italy's Silvio Berlusconi, France's Robert Hersant, and West Germany's Bertelsmann. To meet this growing strength, the agencies which negotiate for advertising time and space in the media are also consolidating their forces.

In the UK, Saatchi & Saatchi has caught the headlines in recent months by centralising the £700m-a-year buying power of its London-based advertising agencies in a new company, Zenith.

But it is another UK advertising group, WCRS, which has taken the lead in forming a pan-European media buying network – a partnership that can not only negotiate from strength with the media barons but is also well placed to tackle the post-1992 market.

WCRS made its first move last year, buying a 50 per cent stake in SGGMD, the pioneering French media-buying independent founded in 1969 by Gilbert Gross, the world champion poker player. Their joint venture, Carat Espace, with 270 clients and a turnover last year of £850m, leads the industry in France with a 22 per cent market share.

A few weeks ago, Carat Espace took a 49 per cent stake in HMS, the leading West German media independent, run by Karl Hiemstra since he founded it in 1972. HMS has a turnover of £340m a year. Then last week, Carat became sole owner of Media Europe, buying out its partner in that venture, Eurocom, a subsidiary of Havas, the giant French publishing group. Media Europe has a turnover of £250m with operations in Spain, where it is joint industry leader, Italy, Belgium, West Germany and the UK.

Carat is now looking for further acquisitions in the UK, Switzerland and Scandinavia. Peter Scott, chief executive of WCRS, says: "We see media buying as an increasingly important part of our operations."

Carat Espace, which was founded when advertising agencies showed little interest in media, developed long term deals with large discounts for clients in France; but it has also maintained good relationships with the media by developing new markets. It acts as media buyer for three French TV stations and three magazines.

It has resolved the most awkward problem associated with centralised media buying – that of client conflict – by forming a two-tier structure. A central body buys the advertising time and space, while operating subsidiaries handle individual clients.

Carat's international network will be run as a confederation of independents. Partners will manage their local organisations but will have access to centralised resources – international media research, planning, and buying, a data bank, and financial and legal services.

For, spurred on by the deregulation of television in France, which in the past three years has seen the introduction of three new TV channels, and a growth in annual advertising hours from 400 to 1,000, Carat has begun to offer its advertisers much more than a bulk-buying discount.

It set up a subsidiary, Carat TV, with a yearly research budget of £1m, under François Waeselynck, "to get to know everything there is to know about the television medium." The aim was to provide clients with the information they needed to get the fullest benefits from their advertising in an increasingly complex market; to explore the effects not only of more competitive programming but of ownership of several sets of equipment.

Computerised data, further refined by Carat's own panel of 500 households and in-house experts can now predict with 86 per cent accuracy, Waeselynck claims, what sort of people – their age, sex, marital status and lifestyle – will be watching a particular TV programme, say two weeks ahead.

Its investigations into "zapping" found that, in one case, it would pay the advertiser to use the last minute of an advertising break rather than the first.

Carat is now developing more frequent, systematic reporting to clients, producing special surveys and a television annual containing statistics and analyses, and has plans to set up similar operations to Carat TV in poster and cinema advertising.

Experience with deregulation is also leading it into other forms of television advertising which, it is convinced, will expand rapidly – sponsoring of programmes and events (in which the WCRS subsidiary, Pascoe Nally International, is expected to play a large part), programme production and bartering.

Both Gilbert Gross and Karl Hiemstra say they would never have considered any kind of alliance other than the partnership they have formed with WCRS in which they retain control. Each has safeguarded his position with an option to buy back full control in the event of any takeover bid for the British group.

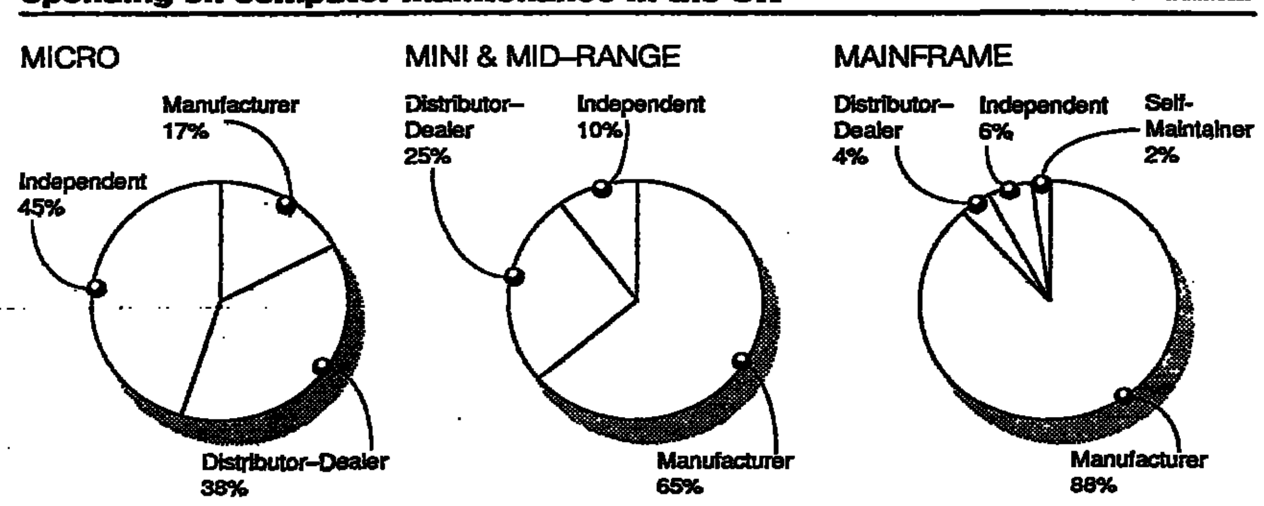
The partnership, they claim, is already the biggest in the European industry, and has the capacity to export its expertise further afield. "Our determination," says Charles Hochman, a director of Carat Espace, "is to replicate internationally what we have achieved in France."

Hiemstra quips: "We are learning Russian."

Philip Rawsthorne

TECHNOLOGY

Spending on computer maintenance in the UK Source: Intersect



Competition brings glamour to computer nuts and bolts

Clive Cookson reports on the battle for the maintenance sector

Computer users in the UK pay an estimated £1.6bn a year to maintain their equipment. Until recently most users automatically signed a maintenance contract with the original manufacturer or supplier, but large companies are turning increasingly to independent contractors to service and repair computers, terminals and associated equipment such as printers.

These third party maintenance companies – known as TPMs – claim to provide a less expensive and more responsive service than the manufacturers. They now have just over 10 per cent of the UK maintenance market, according to a study by Intersect, the computer consultancy.

One important reason for the growth in TPMs is the proliferation of different manufacturers' equipment within individual companies. Some data processing managers get fed up with juggling a large number of separate maintenance contracts and turn the whole job over to a single organisation.

For example, Britoil, BP's exploration and production subsidiary in Glasgow, had 1,300 computers and associated devices made by 30 companies. Andrew Robertson, information services manager, says that by handing over all the maintenance work to ATM, an independent contractor, he has saved money and simplified his management task. "We used to have 14 or 15 engineers visiting the site; now we have one ATM engineer resident here."

The main manufacturers are responding by offering to maintain all the computer equipment on a particular site. In other words, they are pushing their own service organisations to become like TPMs.

And they have other motives for moving in this direction. A comprehensive maintenance contract gives a manufacturer an entrée to a customer's premises, which its sales staff may be able to exploit to sell more of its machines. It may also pick up valuable information about its competitors' equipment.

"I'm sure that some manufacturers will use information gained from maintenance in the marketing area," says John Gould of Intersect. "For example, it could be a superb way to get information about the reliability of another manufacturer's equipment."

But there is usually a difference between the type of comprehensive service offered by manufacturers and TPMs. When a manufacturer takes responsibility for all maintenance on a site, it normally subcontracts much of the work on other companies' equipment back to them, while letting its engineers maintain its own computers and some of the peripherals. This still gives the user the managerial convenience of having one point of contact for all maintenance problems and equipment failures.

TPMs sometimes subcontract engineering work, but they are generally much more willing than the manufacturers to let their engineers service and repair a wide range of equipment.

Of course TPMs have to depend on the manufacturers to sell them spare parts and documentation – and this provides fertile ground for disputes.

"The original suppliers jealously guard their market position and use a number of tricks to prevent TPMs getting the parts they need," says Robertson of Britoil. TPMs claim that most manufacturers are unnecessarily slow in letting them have parts and documentation, although IBM is generally thought to be more co-operative than its competitors.

Even Granada Computer Services – the giant of the UK maintenance industry with at least a third of the £150m-a-year TPM market – has to turn away contracts because it cannot get access to the required spare parts. Michael Geberty, technical and marketing director, says: "I believe that someone buying a computer system should have the same freedom as someone buying a car to have it serviced and maintained by anyone he chooses."

For their part, the manufacturers deny that they are being anti-competitive or unreasonable. "We will sell spare parts to TPMs at standard ICL prices, on the same lead time as ICL's own maintenance organisation," says Ken Howe, an ICL spokesman. "We expect them to identify their requirements a reasonable time in advance, in the same way as our own maintenance staff, and build up a stock of spares."

But ICL and other manufacturers refuse to give TPMs access to the test and diagnostic facilities which they have developed. John Gould, who ran a computer maintenance company before becoming an independent consultant, sympathises with this attitude. "If they have invested in special diagnostic tools and software, why should they have to give them away?"

Bob Brittaine, managing director of ATM and chairman of the Computer Services Association maintenance group, admits that the progress of TPMs has been held back by a view among computer users "that using a third party for maintenance rather than the manufacturer is going down-market." Of course he believes this to be the opposite of the truth. TPMs are not only less expensive, Brittaine says, but they generally provide a better service. "After all, we must live by the quality of our service, whereas DEC and IBM will survive if they continue to make good computers."

Gould says that there is no practical way for users to compare competing maintenance organisations in terms of the skill of their engineers or the quality of their diagnostic and repair equipment. What matters is how quickly they undertake to respond to a call and repair or replace faulty equipment.

A typical TPM contract requires the maintenance company to respond to any call within four hours. If the engineer cannot make a quick repair on site, he will take away the faulty unit – a keyboard, say, or disk drive – to be repaired in the company's workshops and replace it with a duplicate unit.

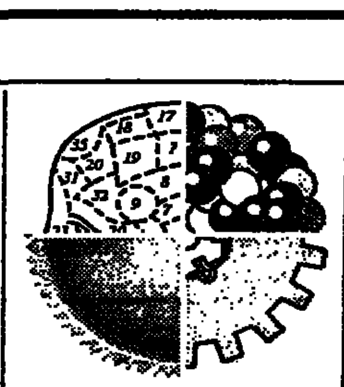
Bob Brittaine says that most faults do not involve computers' central processors but peripheral equipment with moving parts. Printers cause the most trouble. "I would say that about 20 per cent of faults are due to misuse by customers – and the most common in that category is coffee being spilt on keyboards," he says.

Those involved in computer maintenance say that computer equipment is steadily becoming more reliable. Although total UK expenditure on computer maintenance is increasing by about 10 per cent per year, this is less than the overall spending increase on computer services.

However, some manufacturers are more reliable than others. "The difference in reliability is great enough to be concerned about," Brittaine says. ATM has built up its own reliability league table. This cannot be published, for legal reasons, but the company uses it privately to advise customers. For example, Britoil stopped buying one particular graphics terminal because the statistics showed it to be fault prone.

As the illustration shows, mid-range and minicomputers – and their associated terminals and peripherals – are the most important battleground for maintenance companies. Large mainframe computers are still very much the province of the manufacturers, because they are too complex for most TPMs to handle.

In future, independent maintenance companies are likely to build up more expertise in software and telecommunications engineering, which should enable some of them to provide a more comprehensive facilities management service to computer users. But they will face strong competition from manufacturers – and possibly also from other computer services companies which have not yet realised that the unglamorous field of maintenance provides scope for profitable expansion.



WORTH WATCHING

Edited by Geoffrey Charlish

Accentuate the Pos-itive

THE USE of point-of-sale (Pos) electronics to gather data about sales has become a necessity in all but the smallest retailing companies. The last ones to remain non-electronic – furniture, newsagents, speciality food and leisure outlets – will have equipped their check-outs within five years.

These are among the conclusions reached in the latest edition of Electronics in Retailing, published by Post-News, a market research organisation which specialises in retailing and banking technology.

The 250-page report, priced at £189, reviews world progress in the last year in point of sale, electronic funds transfer for consumers, credit/debit cards, smart cards and similar areas.

Authors Sarah and Ronald Brown, who have researched these topics for many years, point out that there are still many uncertainties in the UK about Eftpos (electronic funds transfer at point of sale), in which purchasers' bank accounts are immediately debited over telephone lines.

Pos, however, has really taken off and some of the information derived from such systems has surprised even the most sophisticated users.

Boots, for example, had been selling pet food for years and thought it profitable. But Pos analyses showed that money was being lost and pet foods are no longer sold by Boots.

Other retailers have been able to apply both coarse and fine tuning to what they sell, increasing shelf space for some products and reducing it for others. This has increased both turnover and profits.

Passenger data by radio

A COMPUTER and radio transmitter have been combined into a hand-held unit by Immediate Business Systems (IBS), of Milton Keynes in the UK.

IBS, which calls its unit FW Radio, believes that there is a need for such systems at ferry terminals and airports, where vehicles and baggage have to be loaded securely and safely.

On ferries, for example, a bar-code label supplied with the ticket would be fixed to the windscreen. It would be read by a scanning device, connected to an FW Radio, as each vehicle boarded the ferry. The details would be stored in the unit's chip memory. If queries arose, the radio could be used to talk to the ship's officers or officials on shore, via a central base station.

IBS believes that the system can prevent unauthorised vehicles boarding a ship and ensure that all the vehicles booked for the crossing are accounted for.

Information in the FW Radio's memory can be emptied over the air into a central computer, where it can be analysed and stored.

FW radio is powered by rechargeable batteries which last for about eight hours. An adaptor allows operation from the mains.

Text retrieval in plain English

HARWELL Computer Power, in the UK, is claiming a breakthrough in information retrieval with a system called Status/IQ.

Unlike many database retrieval systems, which search for a key word provided by the user, the new system allows plain English questions to be asked.

For example, a user might ask a database: "What are the emission standards to control pollution caused by traffic on the M6?" Status/IQ will immediately recognise the concepts in the sentence, such as emission standards, control, pollution and traffic, and rapidly search through the database to find every relevant mention.

The software will also rank what it has found in order of relevance.

According to the company, the system all but eliminates training and provides a big improvement in the usefulness of text retrieval.

Damping waves under the sea

CARRYING out repairs and replacing parts under the North Sea is difficult enough in good weather conditions, but a heavy sea creates the additional problem of ship's heave. The service vessel can move up and down by several metres, imposing a similar motion on any load connected to it deep below the sea's surface.

Dyna Craft, of Kongsberg in Norway, has developed a heave compensation system which, by keeping the load still, makes the work easier and saves time. It could reduce the cost of replacing a type of production module from £1.3m to £300,000, claims the company.

Called LSIS (light subsea intervention system), the system is designed to handle a load of 30 tonnes so that with wave heights of four to six metres, the load movement is less than 30 cm.

LSIS works by sensing wave motion – by means of displacement sensors – and sending information to a computer. This controls a servo-valve in a hydraulic system, operating between the ship and the repair module, which produces compensating vertical motion. Up to 95 per cent of the vertical motion can be removed.

Successfully demonstrated a few weeks ago, LSIS is for relatively light work, such as replacing valves and small production modules, and for launching robotic tools.

Bigger systems for heavier work are also feasible, says the company.

A salmonella test for eggs

EGG producers in the UK, where salmonella has been found in a small number of eggs, are offered an "accurate and rapid" testing service by Cranfield Biotechnology, which is associated with Cranfield Institute of Technology.

The company will arrange for samples to be shipped from the producers to its nationally accredited laboratories in Bedfordshire. There tests using the latest scientific methods will be used and the results rapidly faxed back to the producer.

CONTACTS: Post-News: UK, 0935 88245. IBS: UK, 0908 568192. Harwell Computer Power: UK, 0235 834806. Dyna Craft: Norway, 3 724211. Cranfield: UK, 0234 752700.

Oil producers seek a formula for stability

By Steven Butler

THE WORLD'S major oil exporting nations meet this morning in London to try to achieve a basis for co-operation in promoting stability in oil markets.

The meeting will bring together technical representatives from members of the Organisation of the Petroleum Exporting Countries and from non-Opec producers for the second time in less than a year.

The meeting of six from Opec, and up to ten from the non-Opec side and is understood to be aimed principally at reaching a common understanding of current market conditions.

The chances of establishing at least a basis for dialogue are thought to be stronger than in March of last year, when the first meeting took place. Prior to the first meeting, oil prices were plunging as Opec members wantonly ignored production quotas agreed earlier by the cartel.

This gave Opec little basis for bargaining, since it appeared unable to keep its own house in order. There was also, it turned out, little basis for discussion.

The non-Opec producers offered a 5 per cent reciprocal cut in exports. This presented Opec with two problems, the first of which is that Opec quotas have always been for production, not exports. Second, Opec members expected far more from non-Opec because most non-Opec members had been progressively increasing production while Opec production had been scaled way back throughout the decade.

There remained a host of other complex questions as well: how to define production covered by any agreement, how to establish base levels from which to negotiate cuts and how to monitor or enforce any agreement.

These problems remain. The non-Opec countries yesterday said they agreed on the need for stability, but had no common views on the market situation.

At this meeting, however, Opec comes to the table from a position of relative strength. Most of the cartel's internal problems were sorted out at a marathon meeting in Vienna in November, in which Opec agreed new production quotas for all members, including Iraq, which had been outside the quota scheme for two years, and also agreed on new definitions for production and crude oil.

Since the start of the year Opec production has come way down from its December peak of 22.7m barrels a day, and oil prices have risen sharply.

The Opec side is to be represented by Algeria, Indonesia, Kuwait, Nigeria, Saudi Arabia, and Venezuela, while the non-Opec countries are to include Angola, China, Colombia, Egypt, Malaysia, Mexico, North Yemen, Oman, and possibly Brunei. The non-Opec countries together produce about 8.3m b/d.

The US states of Texas and Alaska have sent observers to the talks, as has the Soviet Union.

OIL prices may stabilise at around $15 per barrel but not near to $18, if Opec can maintain discipline over production, Mr Robert Horton, managing director of British Petroleum, said in Texas on Tuesday, writes Max Wilkinson.

Mr Horton told a conference in Houston, organised by the Cambridge Energy Research Associates, the US consultancy, that Opec appeared to be cutting production.

But he added: "We are all watching this adventure closely, since it holds a clue to the next decade in the industry." It was now clear that until well into the next century, whenever, oil prices started to rise, supply would be available to meet demand. This was the context of consolidation reorganisation in the oil industry around the more powerful players.

Consuming nations would need to keep at least some non-Opec oil available for the future. The test for Opec producers would be the extent to which they integrated into marketing and refining, becoming, in effect major oil companies.

"As major oil companies they have that formidable competitive advantage in their low cost oil," he said.

Mr Horton warned his audience that the energy industry faced a difficult future as real energy costs were driven higher by environmental concerns and other factors, while prices would be capped in the longer run by the cost of coal, gas, nuclear power and other energy sources. So he saw no prospect of a boom in the oil business in the US.

Exploration at the frontier of technology

Steven Butler studies the special problems encountered deep under the seabed

TWENTY YEARS ago oil exploration in the North Sea presented a technological challenge to the industry which no one could be fully confident would be met. A recent spate of severe difficulties encountered by oil explorers as they probe deeper into the ocean floor shows that in spite of all that has been accomplished, much remains to be done.

In the Norwegian sector of the North Sea, Saga Petroleum is now nursing a well that threatens to explode at any time, after having lost control when a drill bit, some 3,500 metres under the ocean floor, plowed into a reservoir containing gas at extremely high pressure, understood to have reached 14,000 pounds per square inch or about 400 times the pressure in an ordinary automobile tyre.

Elf Aquitaine is trying to prevent a similar blowout at another well in the Norwegian sector, while Atlantic Richfield failed in the UK sector in September, leading to the destruction of the Ocean Odyssey drilling rig and one fatality.

These accidents happened because explorers are searching for a new generation of oil reservoirs located at far greater depths than the most fields currently in production in the North Sea.

Improved seismic technology has allowed explorers to look deeper under the seabed and they have found huge geological structures of the sort that may hold hundreds of millions, if not billions of barrels of oil.

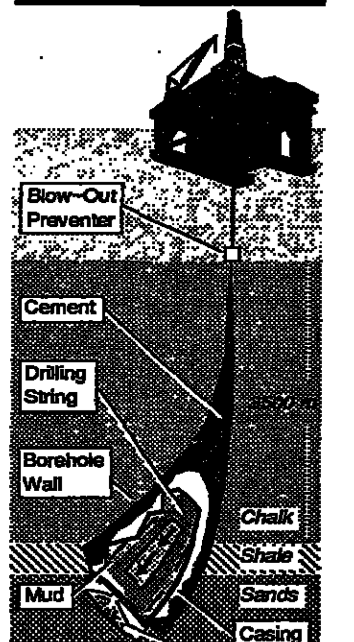
The underlying reservoirs are as deep a 6 to 7 kilometres below the seabed, although hydrocarbons – oil, gas, and condensate – have seeped upwards and have been trapped at much higher levels. Trapped at these depths, however, the hydrocarbons have generated tremendous pressure, at some 15,000 psi, and high temperatures of 175 deg C (350 F).

These alone would not necessarily present a severe obstacle to exploring for oil. However, the particular geology under the North Sea has presented some fussy and dangerous problems that each company has had to learn to deal with more or less by trial and error, since the oil companies do not share tricks of the trade that gives them a commercial advantage.

"There is a steep learning curve which is very dangerous," says the head of exploration at one major North Sea operator.

The typical means that oil companies use to control high pressure is by adjusting the weight of chemical mixtures called mud. During drilling mud is circulated down the inside of a drill string, around the drill bit, and up the outside of the borehole. This cools the drill bit, and clears away cuttings.

The lighter the mud used, the faster drilling can proceed. However, heavier muds are used to counteract high pressure. If this fails, a blow-out preventer at the well-head can close the well and prevent an escape of hydrocarbons.



Adapted from a UK Offshore Operators' Association publication

In the central North Sea, a particular problem has been encountered. At great depths, up to 3,500 metres, there is often a porous, relatively crumbly chalk that must be drilled through.

The chalk cannot hold heavy muds, because the muds will be absorbed. Beneath the chalk is a layer of hard shale, just 30 to 50 feet thick, that forms a cap on the reservoir.

If the drill bit breaks through the shale, and suddenly encounters high pressure, the drilling engineer's first tool to prevent a blowout is to pump heavy muds into the well. But this tends to be absorbed by the chalk, rendering the action useless.

Saga is believed to have attempted to put a cement plug at the bottom of its problem well, but this too was attacked by hot, high pressure gas before the cement hardened. The gas eventually got past the plug, making its way to the last line of defence, the blow-out preventer.

This consists of heavy steel rams, powered by hydraulic jacks, which close off the well. There is still some serious question about the capacity of the BOP that Saga has used, but even if it is capable of holding off 14,000 psi for now, this can only be regarded as a temporary seal. Over time, the gas will find some way to escape.

Some explorers believe that Saga's plan to attach a second BOP is ill-conceived, and possibly dangerous, because a second BOP is unlikely to hold if the first one gives way.

The only remedial action at this stage is to drill relief wells to siphon off the pressure, and to pump tons of cement down the well to plug it up. This could take months and, meanwhile, the well would remain in a dangerous state.

The correct way to avoid trouble from the start, say oil explorers, is to line the borehole wall with cement right down to the shale level, before breaking into high pressure zones.

This demands an intimate knowledge of the geological structures and a rather clever drilling technique. The cementing operation is performed by pumping cement through the well, just like drilling mud, but leaving it to set. The cement also has to be tested at extremely high pressures, because it could break apart in a surge of pressure.

Once the seal is broken, a well is basically an expensive lost cause that must be plugged and abandoned – killed, in oil industry jargon.

Some companies have been relatively successful using these techniques, which have had to be learned by trial and error. The drilling is slow, cautious, and expensive.

Finding the oil is one thing, producing it another. Standard production equipment is not designed to deal with oil at these pressures and temperatures. If under these conditions a bit of sand comes up with the oil, as is typical with most oil wells, most steel equipment would be destroyed. Rubber hoses are out of the questions.

The Department of Energy has required that oil companies stop using flexible hosing for drilling at pressures over 10,000 psi, as flexible hosing was blamed for the failure of the blow-out preventer at the Ocean Odyssey. The directive, however, addresses only the most vulnerable piece of equipment at the last line of defence. It is clearly more important to push explorers faster up the learning curve.

Producers raised zinc prices 43% in 1988

By Kenneth Gooding, Mining Correspondent

PRODUCERS boosted the price of zinc by about 43 per cent last year compared with 1987, according to the International Lead and Zinc Study Group.

Lead prices advanced by a more modest 3.3 per cent.

In its review of trends in 1988, the study group says the annual average producer price of zinc outside North America rose from $828.33 a tonne in 1987 to $1,182.85 last year.

In the US the producer price went up from an annual average of 41.922 cents a lb to 60.197 cents. Average London Metal Exchange prices climbed even more sharply, by 56 per cent for cash metal, from $799.06 a tonne to $1,246.62.

Provisional estimates suggest that zinc consumption, driven particularly by demand from the galvanised steel industry, rose to a record of nearly 5.3m tonnes, an increase of more than 5 per cent on 1987. "This was the sixth consecutive year in which consumption has increased and is the longest period of unbroken expansion since the late 1960s-early 1970s, prior to the first world energy crisis," the study group points out.

Zinc metal production also achieved a new peak of over 5.2m tonnes, up by more than 3 per cent.

Stocks of zinc metal held by producers were drawn down to help meet demand during the first half of last year and remained at low levels through the second half, equivalent to only about three weeks consumption.

The study group says the strong expansion in zinc mine output was reversed last year with a drop of 247,000 tonnes to 5.123m tonnes (zinc content) because of falls in production in Canada and Peru.

Producers' stocks of lead also declined to a very low level last year, to 150,000 tonnes from 214,000 tonnes, but LME stocks rose sharply from 15,000 to 62,000 tonnes and to the highest level since early in 1986.

Lead metal consumption continued at a high level, increasing by 1.4 per cent to 4.295m tonnes, reflecting demand from the battery industry, which now accounts for 60 per cent of lead consumption.

Metal production, at 4.24m tonnes last year, and mine output, 2.37m tonnes, showed little change on 1987.

The annual average US producers' price for lead metal increased from 35.943 cents a lb to 37.14 cents last year, according to the study group, while the average LME cash price edged up from £368.66 a tonne to £368.40.

Cocoa producers to study fresh plan for ending deadlock

By David Blackwell

COCOA producing countries will this morning consider the latest offer from consuming countries aimed at breaking the deadlock in the International Cocoa Organisation (ICCO) talks in London.

The consuming countries yesterday proposed that the council should decide to apply a retrospective cut of 115 Special Drawing Rights to the level of prices to be defended by the troubled agreement. This would reduce the range to between 1,370 and 2,040 SDRs a tonne – a cut which consumers have consistently argued should have been automatically applied last March.

Mr Peter Baron, consumer spokesman, said the market had deteriorated to such an extent that a considerable adjustment downwards was necessary. But consumers believe that if both sides agreed on a reduction of any sort, this week's talks could begin to move towards a conclusion on other important issues, including the implementation of a withholding scheme.

"This is a last effort to reactivate the agreement," said Mr Baron.

Producers yesterday asked for more time to consider the proposal. The talks are scheduled to end tomorrow.

The ICCO average indicator price yesterday was 1,059.98 SDRs a tonne. Prices on the London Futures and Options Exchange (Fox) fell on technical factors and profit-taking. The May contract closed at £854 a tonne, down £20; dealers said bearish sentiment about the talks remained a background influence.

The Ivory Coast has refused to give any details at the talks of its controversial sale of 400,000 tonnes of cocoa to Sucre et Denrees, the French trade house. Their refusal had further complicated this week's talks, Mr Baron said.

However, he remained optimistic that the talks would move forward if both sides could agree on a defence price range. If they could not, he said, the council might as well decide officially to freeze the agreement's economic clauses, which have in effect been frozen for almost a year.

Peru stands by Soviet fisheries agreement

By Veronica Baruffati in Lima

FIERCE CRITICISM from the Peruvian fishing industry has failed to shake the Government's resolve over a plan to allow Soviet vessels to operate in its waters, in return for a 17.5 per cent share of the catch. The controversy arose after the signing last month of a fisheries' agreement between Epsep and Sevriba, the Peruvian and Soviet state fishing companies.

Mr Romulo Leon Alegria, Peru's Minister of Fisheries, who earlier justified the deal by accusing the Peruvian industry of "allowing out fish to die of old age," has now confirmed that the 20 Soviet factory trawlers will be allowed to fish in Peruvian waters, under certain conditions.

- The vessels must be inspected by the Ministries of War and Fisheries before fishing begins.
- Fishing will only be allowed in the area between 30 and 200 and miles of the Peruvian coast.
- No fishing will be allowed between latitude 6 degrees south and the Peruvian border with Ecuador.

The restrictions are aimed at preventing damage to spawning areas and avoiding conflict with small Peruvian fishing vessels within the 30 mile limit.

However, Mr Fortunato Quesara, the Minister of Fisheries in the previous administration, under President Belaunze, has accepted Mr Leon's official invitation to "explore the possibilities of improving the contract" and to pinpoint ways of making the agreement more acceptable in Peru.

Included in the plan were points related to the protection of the biomass, the danger of depredation and the use of Soviet and other satellites in the monitoring of fishing operations within Peruvian waters.

In addition it provided for a closer study of an annexe to the agreement refering to the possibility of the Soviets helping Peru to acquire its own fishing fleet.

The Peruvian state and private fishing companies could buy these vessels in return for fish.

At a forum held this week by the Institute of Peruvian Fishing Rights, the Soviet deal was described as *unconstitutional*. It was also alleged that it would incur losses to the state of up to $600m.

Meanwhile the Soviet trawlers are anchored in waiting beyond the 200 mile limit, and over the weekend Aeroflot flew in 250 Soviet fishermen.

WORLD COMMODITIES PRICES

LONDON MARKETS

Profittaking interupted the recent record-breaking rise in the London Metal Exchange High Grade zinc price yesterday. The market ignored news that Curragh Resources had declared force majeure on deliveries of zinc and lead concentrates from its Faro mine in Alaska because avelanches and snowslides had disrupted transport. Curragh said several days' shipments had been held up by the worst weather for 50 years and it was impossible to predict when deliveries would start again. Traders said the market was waiting to see if the brief pause in zinc's rise would trigger further profittaking today. Nickel prices fell sharply. Traders said this was a reaction to the speculative leap on Tuesday to 10-month highs. Substantial falls are likely to be limited by underlying physical interest, they added.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.75-4.85z	+0.45
Brent Blend	$17.40-7.50w	+0.65
W.T.I. (1 pm est)	$18.20-8.25z	+0.50
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$181-184	+4
Gas Oil	$146-148	+2½
Heavy Fuel Oil	$73-74	-½
Naphtha	$160-162	+5
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$404.25	-2.75
Silver (per troy oz)♣	613c	-3
Platinum (per troy oz)	$530.5	-6.5
Palladium (per troy oz)	$138.5	-2.5
Aluminium (free market)	$2365	+5
Copper (US Producer)	162⅝-67c	+3½
Lead (US Producer)	40c	
Nickel (free market)	830c	-40
Tin (European free market)	£4342.5	
Tin (Kuala Lumpur market)	20.46r	+0.16
Tin (New York)	351.5c	+1.0
Zinc (US Prime Western)	76⅞c	
Cattle (live weight)†	109.43p	-0.46*
Sheep (dead weight)†	140.52p	-7.52*
Pigs (live weight)†	81.57p	+4.13*
London daily sugar (raw)	$236x	-4
London daily sugar (white)	$276x	-2
Tate and Lyle export price	£242.0	-1.5
Barley (English feed)	£115.00w	-0.25
Maize (US No. 3 yellow)	£132.5	
Wheat (US Dark Northern)	£123.0v	-3.1
Rubber (spot)♥	62.25p	+0.50
Rubber (Mar)♥	70.00p	+0.50
Rubber (Apr)♥	70.50p	
Rubber (KL RSS No 1 Feb)	308.5m	+0.5
Coconut oil (Philippines)§	$535x	
Palm Oil (Malaysian)§	$365	
Copra (Philippines)§	$360	
Soyabeans (US)	$187	+5
Cotton "A" index	63.65c	-0.15
Wooltops (64s Super)	680p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. w-Feb. v-Apr/May. u-Feb/Apr. q-Apr. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	848	867	862	842
May	854	874	872	847
Jul	840	859	855	839
Sep	839	858	856	838
Dec	853	868	860	850
Mar	855	874	865	854
May	862	882	870	861

Turnover: 5656 (11782) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 24: 1117.58 (1119.07):10 day average for Jan 25: 1059.98 (1054.38) .

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1192	1196	1195	1180
Mar	1160	1164	1164	1161
May	1143	1148	1150	1125
Jly	1128	1140	1135	1116
Sep	1125	1138	1120	1114
Nov	1125	1137	1115	1110
Jan	1130	1150	1115	

Turnover:3874 (3341) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 24: Comp. daily 122.02 (126.41); . 15 day average 127.31 (128.43).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	211.80	212.20	212.60	207.40
May	216.80	216.60	217.60	213.80
Aug	216.40	216.00	216.80	213.00
Oct	216.00	215.00	216.40	212.60
Dec	214.80	215.00	212.00	
Mar	212.00	212.20	211.60	211.00
White	**Close**	**Previous**	**High/Low**	
Mar	271.00	271.50	272.00	268.50
May	263.00	262.50	264.00	258.50
Aug	262.50	262.00	262.50	257.50
Oct	255.80	255.50	255.00	254.00
Dec	254.00	253.50		
Mar	251.00	251.00	251.00	250.00

Turnover: Raw 6864 (8474) lots of 50 tonnes. White 2259 (2165).
Paris- White (FFr per tonne): Mar 1692, May 1650, Aug 1650, Oct 1615, Dec 1590, Mar 1575

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2250	167	182	33	104
2350	95	115	70	154
2450	52	79	126	216
Copper (Grade A)	**Calls**		**Puts**	
3000	339	284	40	179
3200	203	193	102	282
3400	108	128	205	411

Wool

World markets are generally no more than steady. Australia continues to ease after the exceptionally sharp rise on the first two selling days of the new year. New Zealand crossbred wool prices are maintained only with substantial wool board support. There is some nervousness in case another brief surge of Far Eastern buying should lift the Australian market again. The UK industry remains worried about the inflow of orders from home retailers and some currency-related difficulties in exporting. More serious is import competition again related to the high level of sterling. Short-time working already applies in several firms and sectors. Prices for tops are down again, with typical quotations at 665p/kg. for 64s and 475p for 58s.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 15,450 tonne
Cash	2360-70	2415-25		2365-70		
3 months	2330-5	2370-5	2370/2320	2335-40	2334-5	24,263 lots
Copper, Grade A (£ per tonne)						Ring turnover 32,925 tonne
Cash	1900-2	1975-80	1924/1904	1923-4		
3 months	1819-20	1868-9	1828/1814	1828-30	1822-3	64,594 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	607-10	612-5		610-2		
3 months	619-22	625-8		621-4		404 lots
Lead (£ per tonne)						Ring turnover 6,750 tonne
Cash	376.5-7.5	380-2	377/375	377-8		
3 months	379-9.5	381-2	381/378	379-80	379-80	9,781 lots
Nickel ($ per tonne)						Ring turnover 846 tonne
Cash	18450-650	19100-200	18700/18050	18000-50		
3 months	18000-100	18450-500	18400/17550	17550-600	17900-8000	5,758 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 1,575 tonne
Cash	1825-30	1840-5	1835	1835-40		
3 months	1798-800	1795-800	1800/1790	1795-800	1790-800	3,189 lots
Zinc ($ per tonne)						Ring turnover 11,850 tonne
Cash	1780-5	1798-802	1790/1789	1789-91		
3 months	1745-6	1751-3	1760/1730	1747-50	1755-6	11,997 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	53.0	55.0		
Apr	68.3	67.3	68.3	67.0
May	78.4	77.5	78.8	77.0

Turnover 171 (357) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Feb	164.50	163.00	164.50	164.00
Apr	167.00	165.60	167.00	167.00
Jun	152.00	150.00	152.50	152.00
Aug	153.00	154.00	155.00	

Turnover 155 (99)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jan	1627	1635	1631	1625
Apr	1615	1635	1630	1611
Jul	1545	1563	1565	1541
Oct	1485	1454	1445	1485
Jan	1580	1580	1580	
Apr	1590	1595	1590	1585
BFI	1634	1645		

Turnover 325 (330)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	114.90	114.55	114.20	114.00
May	117.50	118.00	118.10	117.45
Jul	119.10	119.60	119.20	119.10
Sep	103.00	103.00	103.00	
Nov	105.40	105.45	105.40	
Jan	108.85	108.95	108.95	
Barley	**Close**	**Previous**	**High/Low**	
Mar	110.70	111.10	111.00	110.60
May	112.70	113.15	112.85	112.65
Sep	100.15	100.25	100.15	
Nov	102.75	102.85	102.75	

Turnover: Wheat 114 (39) , Barley 30 (33) .
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	404-404½	228¾-229¼
Opening	405-405½	228½-229
Morning fix	404.75	228.414
Afternoon fix	404.20	228.362
Day's high	405¼-405¾	
Day's low	403½-404	
Coins	**$ price**	**£ equivalent**
Mapleleaf	416-421	235½-238½
Britannia	416-421	235½-238½
US Eagle	416-421	235½-238½
Angel	416-421	235½-238½
Krugerrand	403-406	228-230
New Sov.	95-98	53¾-54½
Old Sov.	95-98	53¾-54½
Noble Plat	540.00-546.00	305.10-310.00

Silver fix	p/fine oz	US cts equiv
Spot	346.15	612.00
3 months	357.25	626.10
6 months	368.00	641.25
12 months	389.05	671.30

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Mar	16.52	16.01	16.57	16.17
Apr	16.17	15.80	16.17	15.80
IPE Index	15.89	16.27		

Turnover: 6071 (4269)

GAS OIL $/tonne

	Close	Previous	High/Low	
Feb	148.00	144.75	149.00	145.50
Mar	145.50	143.00	145.75	143.00
Apr	143.00	140.00	143.25	140.50
May	142.00	138.75	140.50	139.50
Jun	137.75	134.50	137.50	135.00
Jul	137.25	135.00	137.00	135.00
Aug	141.50	137.00	137.00	

Turnover 6684 (6100) lots of 100 tonnes

US MARKETS

IN THE METALS, gold, silver and platinum futures kept a steady tone due mostly to stronger crude oil prices, reports Drexel Burnham Lambert. Copper prices fell sharply on heavy stop-loss selling. March copper closed down 295 at 14510. In the softs, sugar prices gained slightly as some short covering gave support to the market. Cocoa futures lost 26 in the March contract as arbitrage and commission house selling weakened prices. Coffee trading had a choppy day before gaining near the close. Most of the grain markets were lower with the soy complex having the biggest decline. Fund selling in the soybean and oil markets kept prices down for most of the day. Corn futures slipped following the weakness of the soy complex. Wheat prices were firm in featureless activity. The energy complex regained its firm tone as prices rose above the $18 level in the March crude oil.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	406.0	406.0	0	0
Feb	408.4	406.3	406.7	404.6
Mar	408.8	408.7	0	0
Apr	411.2	411.2	411.5	409.3
Jun	416.5	416.3	416.7	414.3
Aug	422.0	421.8	421.3	420.2
Oct	427.6	427.4	0	0
Dec	433.2	433.0	433.5	431.3
Feb	438.4	438.3	438.5	436.6

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	533.7	531.2	531.0	529.5
Apr	537.2	534.2	538.0	532.0
Jul	533.2	529.5	535.0	531.0
Oct	533.2	530.2	533.5	530.0
Jan	532.2	527.2	532.0	527.0
Apr	533.2	530.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	617.0	613.0	0	0
Feb	617.0	614.0	0	0
Mar	622.9	619.0	623.5	616.0
May	629.9	626.5	634.0	623.0
Jul	640.5	640.0	645.0	637.0
Sep	654.4	651.0	655.5	650.5
Dec	669.9	666.5	670.0	660.0
Jan	674.1	670.7	0	0
Mar	685.4	682.2	685.5	680.0
May	698.5	693.4	695.0	691.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	154.90	155.70	156.00	153.00
Feb	149.10	152.50	149.00	149.00
Mar	145.10	148.05	149.00	144.00
May	143.70	137.00	[illegible]	[illegible]
Jul	136.10	[illegible]	[illegible]	[illegible]
Sep	129.00	131.00	129.50	128.50
Dec	124.70	126.00	125.00	124.00
Mar	120.50	121.60	121.50	120.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	18.12	17.64	18.26	17.76
Apr	17.64	17.14	17.73	17.39
May	17.36	16.97	17.46	17.20
Jun	17.10	16.80	17.22	17.00
Jul	17.00	16.65	17.10	16.84
Aug	16.95	16.54	17.00	16.70
Oct	16.85	16.42	16.80	16.60
Nov	16.80	16.39	16.60	16.46
Dec	16.60	16.35	16.60	16.55

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5210	5087	5255	5130
Mar	5040	4922	5070	4960
Apr	4835	4716	4860	4760
May	4670	4546	4690	4590
Jun	4590	4486	4600	4500

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1460	1486	1475	1440
May	1422	1447	1435	1404
Jul	1405	1425	1421	1393
Sep	1400	1425	1413	1390
Dec	1405	1425	1405	1395
Mar	1413	1432	1402	1401
May	1426	1447	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	135.87	134.81	135.25	133.75
May	132.70	131.60	134.00	130.90
Jul	130.00	128.80	131.60	128.00
Sep	127.80	126.70	130.25	126.50
Dec	126.82	125.80	128.75	125.00
Mar	126.00	125.00	128.00	127.00
May	126.25	124.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.51	9.40	9.55	9.26
May	9.61	9.55	9.63	9.41
Jul	9.58	9.53	9.53	9.43
Oct	9.57	9.57	9.54	9.44
Jan	9.26	9.24	9.26	9.19
Mar	9.35	9.28	9.36	9.19
May	9.33	9.29	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	58.40	58.05	58.80	58.00
May	59.63	59.55	59.60	59.04
Jul	59.95	59.30	59.15	58.75
Oct	57.46	57.00	57.80	57.35

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	138.80	137.40	137.80	136.00
Mar	134.60	135.00	135.85	134.20
May	134.00	135.10	135.60	133.00
Jul	133.60	135.00	134.80	133.00
Sep	131.50	133.00	133.80	132.00
Nov	131.50	133.00	0	0
Jan	131.50	133.00	0	0
Mar	131.50	135.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	749/2	774/4	765/4	746/0
May	760/4	777/6	776/0	760/0
Jul	767/2	782/2	781/4	766/0
Aug	762/0	777/6	775/0	761/0
Sep	741/0	752/6	747/6	737/0
Nov	724/0	736/4	736/0	722/4
Jan	731/0	738/6	744/0	730/4
Mar	739/0	740/0	750/0	738/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.11	21.50	21.58	21.10
May	21.64	22.03	22.10	21.63
Jul	22.16	22.53	22.60	22.15
Aug	22.36	22.70	22.82	22.35
Sep	22.50	22.80	23.00	22.50
Oct	22.62	23.05	23.05	22.60
Dec	22.95	23.40	23.40	22.95
Jan	23.10	23.45	23.20	23.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	244.6	251.2	250.2	244.0
May	242.1	248.3	246.8	241.5
Jul	239.3	245.2	244.5	238.8
Aug	235.8	241.0	240.5	235.5
Sep	230.7	235.0	235.5	230.0
Oct	223.0	228.2	228.0	223.0
Dec	219.0	223.2	222.5	219.0
Jan	220.0	222.0	222.0	220.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	270/2	272/2	272/0	269/6
May	276/4	278/2	278/0	275/4
Jul	279/6	281/6	281/4	279/4
Sep	273/0	274/2	274/0	272/4
Dec	270/2	272/0	272/0	270/0
Mar	277/6	279/6	279/2	277/2
May	280/2	282/0	280/2	279/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	441/0	445/4	445/0	441/0
May	434/2	432/6	435/0	432/0
Jul	409/6	408/6	410/0	407/0
Sep	414/0	413/0	414/0	412/0
Dec	419/6	418/6	420/0	417/0
Mar	422/0	422/0	421/0	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	72.90	72.82	73.25	72.72
Apr	73.67	73.42	74.02	73.42
Jun	72.65	72.55	73.15	72.65
Aug	71.42	71.47	71.75	71.40
Oct	71.10	71.10	0	0
Dec	71.82	71.75	71.10	70.72
Feb	71.90	71.90	72.20	71.90
Apr	72.00	72.00	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	43.37	43.12	43.55	42.97
Apr	42.75	42.22	42.80	42.10
Jun	47.42	47.07	47.52	47.10
Jul	47.82	47.60	48.15	47.75
Aug	46.70	45.97	47.00	45.50
Oct	43.55	43.27	43.70	43.20
Dec	45.82	45.35	45.60	45.30
Feb	46.47	46.50	46.40	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	39.70	39.15	40.25	39.35
Mar	40.40	39.92	40.95	40.10
May	41.67	41.47	42.30	41.77
Jul	42.72	42.35	42.75	42.07
Aug	42.72	42.80	43.35	42.80
Feb	57.85	58.97	57.85	57.55
Mar	57.00	57.00	58.25	0
May	57.00	57.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 24	Jan 23	mnth ago	yr ago
1967.0	1967.2	1865.0	1758.5

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	141.05	141.62	142.33	132.66
Futures	142.45	143.60	143.32	134.19

LONDON STOCK EXCHANGE

Equity gains lost in volatile trading

ANOTHER very heavy's day's trading in the UK equity market saw share prices give back substantial early gains to close easier as tales of an impending rights issue swept through the dealing rooms. Ferranti was named as a possible rights issuer, but Rank Organisation, which reports results today, firmly rejected similar stories.

London opened confidently on the back of Wall Street's successful return to levels last seen before the crash of October 1987. Strong demand for the blue chips from UK and European institutions, combined with a trading programme by Smith New Court, a major London market maker, drove the FT-SE Index ahead by 26 points in early trading, to burst through the vaunted 1950 mark.

The programme, worth around £180m and substantially weighted to the "buy" side, involved both Alpha and Beta stocks. Mr Tony Abrahams, Smith's managing director, said that the programme was "largely completed yesterday". The day's Seaq volume reached a new post-Crash peak of 924.7m shares, compared with 562.8m on Tuesday.

By midday, however, the market was beginning to struggle as market makers traded aggressively, sticking firmly to quoted bargain sizes and holding out for the best prices. Equities began to boil over, and were then shaken by an apparently unsuccessful attempt to place a major tranche of shares in Taylor Woodrow; virtually all the 15.8m Taylor shares were left with Hoare Govett and Hambros, the two luckless placing houses.

The Wall Street opened without much initial attempt to extend its overnight gain, and London's share gains came under increased pressure. The coup de grace came in late deals, when the right issue tales turned the whole market downwards.

The final reading of 1939 on the FT-SE Index showed a net fall of 2.1, leaving the 1950 still firmly in place. The toboggan ride of the final hour's trading owed much to mark downs by market makers happy to see the market change direction for a time. Traders pointed to the early rush of institutional demand as a reminder of the underlying firmness in London equities.

Although most blue chips closed off the top with minor gains, some resisted the late downswing. Consolidated Gold Fields moved higher as the UK Minister concerned said there would be no delay in monopoly judgement on Minorco's aborted bid of £1.7bn, while Minorco hinted that it might renew its record offer as soon as permitted.

Rank Organisation was hard hit at the end of the day and Wellcome, the pharmaceutical group, fell back after a lunch with a City securities firm sent bearish signals round the market.

Account Dealing Dates

*First Dealings:	Jan 16	Jan 30	Feb 13
Option Declarations:	Jan 26	Feb 9	Feb 23
Last Dealings:	Jan 27	Feb 10	Feb 24
Account Day:	Feb 6	Feb 20	Mar 6

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Jan. 25	Jan. 24	Jan. 23	Jan. 20	Jan. 19	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	88.53	88.37	88.35	88.15	88.08	88.21	91.43 (18/4/88)	86.16 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.03	96.91	97.10	96.92	96.54	95.21	98.57 (25/5/88)	94.14 (9/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1580.8	1580.7	1569.5	1563.3	1556.2	1415.6	1580.8 (25/1/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	171.0	170.6	169.0	164.3	163.0	266.2	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Div. Yield	4.64	4.64	4.67	4.70	4.72	4.41
Earning Yld %(full)	11.05	11.06	11.75	11.82	11.88	11.14
P/E Ratio(Net)(*)	10.97	10.96	10.28	10.23	10.18	10.98
SEAQ Bargains(5pm)	38,241	31,842	34,484	35,326	36,073	22,053
Equity Turnover(£m)†	-	1327.65	1312.74	1632.84	1728.12	1140.28
Equity Bargains†	-	38,035	36,425	38,882	36,643	27,152
Shares Traded (ml)†	-	554.7	548.5	718.0	636.6	349.4

Ordinary Share Index, Hourly changes

Opening	10 am	11 am	Noon	1 pm	2 pm	3 pm	4 pm
1580.4	1596.8	1595.7	1592.7	1595.2	1595.1	1592.4	1581.3

DAY'S HIGH 1601.5 DAY'S LOW 1579.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 10.31 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Jan. 24	Jan. 23
Gilt Edged Bargains	106.3	118.6
Equity Bargains	233.4	236.0
Equity Value	2683.5	2633.4
5-Day average		
Gilt Edged Bargains	113.6	115.2
Equity Bargains	227.5	218.38
Equity Value	2926.5	2787.0

■ London Report and latest Share Index: Tel 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Taylor Woodrow plunges

Taylor Woodrow, one of the UK's biggest construction and housebuilding groups, was the scene of frantic market activity after dealers became aware that a large line of Taylor stock was on offer. It later transpired that the line of shares, some 15.8m, representing the near 10 per cent stake in Taylor held by P & O, the shipping and conglomerate group which had built up the stake over the previous year.

Dealers said Hoare Govett, the brokers, and Hambros, the merchant bank had bought the 15.8m shares between them from P & O at around 600p and were attempting to place the stock around that price.

As soon as this news became apparent, Taylor Woodrow shares began to plunge, with the quotation dropping rapidly within seconds to around the 600p mark. With only intermittent support for shares, the price fell even further towards the close and eventually settled a net 65 down at 583p. Turnover was 4.5m shares, clearly indicating that very few if any of the 15.8m had been sold by Hoare.

"Quite obviously the bid premium in Taylor Woodrow has gone out of the window with this news - there was certainly no scramble to buy Taylor this afternoon," said one dealer. P & O shares fluctuated after the developments, finally showing a 15 fall at 597p, after 620p immediately the stake sale became known. Turnover in P & O was 5.6m. Hoare Govett, P & O's brokers, were "unavailable for comment" ahead of confirmation of the shipping group's sale of the stock.

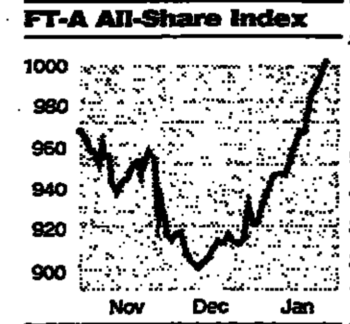
Ferranti active

The market rumours of a sizeable rights issue encompassed at least two of the electronics issues with dealers citing Ferranti as the sector favourite if any issue is launched. The rights speculation was buzzing around Ferranti from the outset with an issue in the ratio of one-for-three at 90p, to raise some £220m, mentioned.

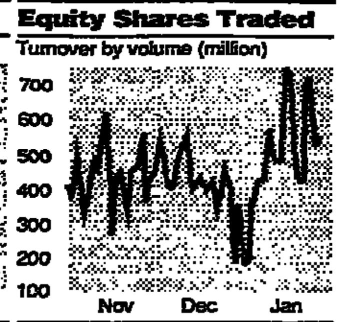
This depressed sentiment in Ferranti stock which dropped 5½ to 102p with 10m traded. Analysts said the fund-raising stories had been in the market for at least two weeks.

But dealers also said that it was likely that Ferranti will be granted one of the "Telepoint" licences which the Government is about to award. And analysts are hoping that the group will be awarded the

FT-A All-Share Index



Equity Shares Traded
Turnover by volume (million)



Eurofighter radar contract which is expected to be announced next month.

Magnet diy attempt

A management buy-out proposal signalled a surge in the shares of Magnet, the West Yorkshire-based retailer of kitchen units and bedroom furniture. Magnet stock raced up 56½ to 262p in hectic trading yesterday. Turnover expanded to 14m shares.

There has been strong buying of Magnet shares over the past few days accompanied by persistent takeover speculation. They ended last week at 200p, having risen 13p over the previous five days.

A statement said the company had received an approach for a possible management buy-out, made by a group of directors, including Mr. Tom Duxbury, the chairman and chief executive.

Dealers said the news could trigger predatory moves towards Magnet from other diy retailers, with Woolworth, MFI, Norcros and even Blue Circle Industries mentioned as possibilities. There was speculation in the market that the eventual purchaser of Magnet would have to pay as much as 380p to 400p but that a buy-out would probably be pitched around the 300p level.

The banks came back sharply with the rest of the market but managed to retain minor improvements on the day, although one dealer warned "perhaps they've gone far enough".

First National Finance jumped 9 to 244p, still helped by the recent "buy" note issued by Mr Hugh Pye at County NatWest.

Composites also gave ground with Commercial Union easing 1¼ to 373½p, after 381p, following news that Adsteam, the Australian group, had increased its holding to 8.03 per cent from 7 per cent.

Bass ran into some concerted profit-taking as hopes of a bid faded fast, and the shares closed 8 easier at 973p. Otherwise, brewers were firmer ahead of the publication of the MMC report into tied houses, due out next month. Vaux Group climbed 13 to 757p, Whitbread "A" 4 to 332p, and Guinness 4 to 372p.

Grand Metropolitan advanced strongly to close 11 better at 487p on reports that several leading companies, among them Hanson, have been queueing up to take a look at Grand Met's casino operations, which the group has put up for sale.

Among a lacklustre Stores sector Woolworth stood out with a rise of 7 to 274p on turnover of just short of 5m shares. Dealer said that the stock was in demand on the back of news of the possible management buy-out at kitchen and bedroom furniture group Magnet. Woolworth's Comet subsidiary is in a similar line of business, and there was some speculation in the market that Woolworth might launch a bid for Magnet.

Other diy stocks firmer on the Magnet story included Ward White, up 1 at 240p, and Wickes, 8 better at 214p. Sears was heavily traded - 7.5m shares changed hands during the session - although Tuesday' talk of a consortium bid failed to reappear. At the close Sears were steady at 121½p, despite a downgrading from BZW, which has reduced its profits forecast for 1990 by £15m to £275m.

Rank Organisation fell foul of fund-raising rumours, which became quite intense late in the session. The reports suggested the group would announce a rights issue with today's annual results, but a broking house quoted a boardroom denial. The shares, however, managed only a tentative rally to close 20 down at 758p, after 768p.

There was also a story that Racal Electronics - 7 lower at 319p - could be about to launch a rights issue "but they've effectively just had one with the Racal Telecom flotation," commented one trader. Racal Telecom were among the day's best performers, advancing strongly in the wake of yet more sizeable American buying to close 13½ up at 247½p, on turnover 6.7m.

GEC, 18m, were among the market's biggest trading issues and moved ahead strongly to close 6 to 213p with a possible £500m asset disposal said to be imminent.

There were reports of a large buyer of Marks & Spencer at 167p on the inter dealer-broker screens, and with 5.7m shares traded by the close Marks ended a halfpenny better at 165½p. Newsagents group John Menzies were also a good market, climbing 9 to 319p with dealers reporting that the stock continues to be caught in the tight grip of a "bear squeeze".

A switch of interest from the majors to secondary engineerings produced a strong gain in Bullough, up 20 at 473p ahead of Monday's preliminary statement. James Neill was again subject to speculation about the Triplex Lloyd stake and rose 6 further to 207p. Annual profits nearer the lower end of the scale left Camford 6 easier at 229p.

Sugar producer Tate & Lyle was the highlight of an off-colour Foods sector as a bullish agm statement - the profits outlook was described as "exciting" - combined with demand before today's 4-for-1 share split to send the price 13 higher to 907p, after 911p. Hoare Govett, brokers to the company, recently visited Tate's two new US acquisitions - sweetener and starch maker Staley and cane refiner Amstar - and came away impressed. Hoare, which forecasts £180m profits for the year-end to September 1989, plans to hold two seminars on the company in London and Edinburgh within the month.

Stocks on the way down, mostly on profit-taking after recent good runs, included Ranks Hovis McDougall, down 5 at 384p, Unigate, down 9 at 348p, United Biscuits, down 4 at 309p, and Gateway, also 4 easier, at 178p on continued good turnover of 6.8m shares.

Pearson began to join the wider market advance, gaining 11 to 683p in the absence of any further selling from the London arm of a US-based investment house. International Business Communications, a strong performer this month, nudged higher to 123p with the market expecting details of a novel management buy-out today.

Many advertising agencies benefited from a review of the sector by BZW. Buy recommendations pushed WPP 18 higher to 622p and Saatchi & Saatchi up 8½ to 368p.

Among mixed Property shares Great Portland fell 3 to 377p after announcing that it will be raising £35m through an issue of debenture stock. Trevian Holdings added 2 at 96p on news that Frogmore (up 5 at 450p) had increased its stake to just under 30 per cent, and Rosehaugh climbed 12 to 567p on continued strong demand. Hammerson showed no signs of halting their slide since the Rodamco bid lapsed; the ordinary shares closed down 11 at 860p and the "A" variety down 13 at 797p.

Rothmans International swept higher when a large early trade at 463p generated fresh speculation about the stakes held by the Rembrandt group and Philip Morris. From the moment the deal was concluded business became one-way, forcing the shares to within a whisker of the 1988/89 best. They closed 14¾ up at 476p. Warburg Securities, which is hosting a City presentation of Rothmans next Wednesday, rejected reports that is was responsible for the upsurge. Dunhill, the tobacco and luxury goods group 50-per-cent-owned by Rothmans, climbed 9 to 223p in sympathy.

A Kitcat & Aitken circular helped BAT Industries, 497½p, improve, but textile group Tootal, 130p, made little ground in response to news that Australian Mr Abraham Goldberg and associates had raised their shareholding 14.4 per cent.

Thomson T-Line also dropped back, following the termination of the talks with Wembley, leaving the offer of 90p cash from Ladbroke the only one on the table. The price, 5 off at 93p, refused to move down to that level because the market feels another player may have entered the game. The buyer of several million shares last Friday has still to be revealed. Ladbroke closed a touch easier at 479p.

Subdued recently by fears that tighter security controls could hurt margins, BAA recovered 4 to 280p and British Airways picked up 4 to 180p. Associated British Ports took off again with a rise of 12 to 495p while British Syphon, following approval of the management buy-out plans, gaining 6 to 156p.

British Steel stole the thunder on expiry day in traded options individual stocks, even though market turnover reached one of its highest-ever post Great Crash levels, at 85,101 contracts. Combination dealings figured heavily, as the January expiry stocks attracted rolling on of positions.

Dealings in the FT-SE 100 index, which have tended to dominate options trading in recent months, reached the substantial total of 15,795 contracts, without claiming the 25 per cent or so total share that it has lately found almost as of right. Turnover in Steel reached 7,150 calls and 2,125 puts, in a total of 9,275 contracts. Overall dealings were divided into 69,768 calls and 15,333 puts. Index trading lay in 10,190 calls and 5,605 puts. GEC, BP, British Gas and Grand Metropolitan were also active.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 21

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (180).
LOANS (1) N'wide 3⅞pc IL Ln 2021, AMERICANS (2) Pacific Telesis, Southwestern Bell, CANADIANS (2) Imperial Oil, Seagram, BANKS (1) ANZ, BREWERS (3) Guiness, Vaux, Whitbread 'A', BUILDINGS (9) Attwoods, CRH, Magnet 5⅞pc Pf. 2012, Newman-Tonks, Pochins, RMC, Steetley, Venture Plant, Vibroplant, CHEMICALS (3) Caird Grp., Jayes, Rentokil, ELECTRICALS (10) ENGINEERING (4) Chemring, Fairey, Ransomes Sims, SKF AB, FOODS (2) Bassett Foods, Jacob (W.& R.), INDUSTRIALS (17) Christies Int., Cooper (A.), Cosalt, Dawsongroup, Elders IXL, Hampson 6.6p(Net) Pf. '91-'03, Hanson 5.75pc Cv. Pf., ISA Int'l., Johnson Cleaners, Mayne Nickless, NMC 7¾pc Acc. Rd. Pf., Nu-Swift, Porter Chadburn, St. Gobain, Serco Grp., Smiths Inds., Sthn. Business, INSURANCE (1) Trade Indemnity, LEISURE (5) Anglia TV, HTV Ord., Hanimex, Midsummer Leis., Sunset & Vine, MOTORS (1) Volvo, NEWSPAPERS (3) Black (A.& C.), Bristol Eve. Post, Haynes Pub., PAPERS (3) Clarke Hooper, Colefax & Fowler, More O'Ferr., PROPERTY (6) Bredero Props., Erostin, Frogmore Est., Mucklow (A.& J.), Scot. Metrop., Town Centre, TEXTILES (1) Hicking Pentecost, TRUSTS (61) OILS (4) Brit. Borneo, Century, Sitkolene, Woodside, PLANTATIONS (3) Assam Dooars, Lawrie, Williamson, MINES (5) Willoughby's Cons., Vogels, ACM Gold, Emperor Mines, Bond Int. Gld., Young Grp., THIRD MARKET (2) Assoc. Farmers, Rentamixster.

NEW LOWS (22).
BUILDINGS (1) Needler Grp., STORES (2) Panfida, Shani Grp., ELECTRICALS (5) Alphameric, Forward Grp., Nesco Invests., Optim, Orchid Tech., Personal Compu., FOODS (2) Acatos & Hutcheson, Everest Foods, INDUSTRIALS (5) Bardon Grp., Barlo Grp., DSC, Hestair, Pacer Systems, Rolfe & Nolan, INSURANCE (1) PWS Hldgs., TEXTILES (1) Leeds Grp., TRUSTS (1) Smith New Court, MINES (2) Buffels, Eastmet.

APPOINTMENTS

Board changes at London International

■ Mr Douglas R.P. Baker has become deputy chairman of LONDON INTERNATIONAL GROUP. He is senior executive partner of Touche Ross International. He succeeds Mr John A. Connell who has retired. Mr Neville C. Bain has been appointed a non-executive director. He is a main board director of Cadbury Group Confectionery. Mr Anthony Butterworth has been made a director and will take up the newly-created post of group managing director and chief operating officer on April 1.

■ COMMERCIAL UNION has made the following appointments: Mr J.W. Bird, head of general insurance (underwriting & claims); Mr A.J. Welling, head of general insurance (marketing & sales); and Mr C.W. Powell, managing director of Commercial Union Risk Management. He was marketing director. These posts are consequent on the retirement of Mr David Johnson.

■ Sir Alex Alexander, chairman and chief executive of J. LYONS & CO, will relinquish those appointments on March 5. Sir Alex will remain a director and deputy chairman until the annual meeting on July 6 when he will retire from the board. Mr R.G. Martin, currently vice chairman and chief executive, will become chairman on March 5. J.Lyons & Co is a subsidiary of Allied-Lyons.

The Earl of Eglinton & Winton (above) has been appointed chairman of GERRARD VIVIAN GRAY, the stockbroking subsidiary of Gerrard & National Holdings of which Lord Eglinton is joint deputy chairman. Mr Thomas Fellowes has been appointed joint deputy chairman of Gerrard & National Holdings.

■ Mr Michael Llewelyn-Jones has been promoted to assistant general manager of GENERALE BANK London branch/Banque Belge with continuing responsibility for corporate banking.

■ Mr John D. Bence has been appointed vice president - European packaging operations of STONE CONTAINER CORPORATION. He was managing director of David S. Smith Packaging.

■ Mr Anthony L. Harris, managing director of Harris Assessors, has been appointed president of the INSTITUTE OF PUBLIC LOSS ASSESSORS.

■ Mr T.J. Kassem and Mr S.R. Izatt have been appointed non-executive directors of WALKER, CRIPS, WEDDLE, BECK, stockbrokers, following the acquisition by Quanta group of a minority stake.

■ Mr Alan France and Mr Roy Allan Talliss have been appointed executive directors of J. BILLAM, Sheffield. Mr Ronald Lee, group research and development director, has resigned, but remains a technical consultant. Mr George W. Fielding has resigned as company secretary, but remains group managing director. Mr Neil Brewin becomes company secretary.

■ Mr Paul Brown has been appointed senior general manager private banking and financial services division, LLOYDS BANK. Mr Tony Davies takes over as general manager of the bank's debt management group.

■ Mr Alan Thomas has been appointed head of defence export services in succession to Sir Colin Chandler. He will join the MINISTRY OF DEFENCE in the early summer. He is vice president, Raytheon Company, of the US, and president and chief executive of Raytheon, Europe, where he has responsibility for Cossor Electronics, Data Logic, Sterling Greengate Cables, and Electrical Installations, all in the UK; Lacroix & Kress, West Germany; and TAG Semiconductors, Switzerland.

■ Mr Richard Bradley, formerly managing director of Lancôme in the UK, a subsidiary, has been appointed a vice chairman of the holding company L'OREAL (UK). He has also been a vice chairman of the main holding company L'Oréal Group.

■ Mr David Davies has been appointed a non-executive director of JOHNSON MATTHEY. He is deputy chairman of Charter Consolidated and chairman of Imry Merchant Developers. He succeeds Mr A.J.W. Owston who has resigned.

■ Mr Kam Verma has joined the board of directors of STADIUM GROUP. He was general manager of the electronics division.

■ Mr Michael Soden joins STOREHOUSE next month as managing director, Conran Design Group. He was managing director, Ayer Barker, and succeeds Mr Peter James who has been promoted to chief executive Mothercare (UK).

BUSINESS LAW

The future for US joint ventures

By Joseph P. Griffin

Is the Bush Administration likely to make transnational joint ventures easier? An analysis of three recent events suggests that it will.

Last November, the Department of Justice published the final text of its Antitrust Enforcement Guidelines for International Operations. A month later the US Attorney-General and the Reagan Administration's Secretary of Commerce jointly proposed a new antitrust exemption for joint production ventures. This month the department announced its intention to block two proposed joint ventures between Westinghouse and the Swiss company, Asea Brown Bovery (ABB).

In US antitrust laws, the term "joint venture" encompasses a variety of arrangements, including the creation of new corporate "offspring" by the venture "parents", as well as contractual arrangements, such as joint bidding and teaming, which involve no equity transactions; and "quasi-mergers" - acquisitions by one parent of a portion of the stock or assets of the other parent. The ventures may be for "one deal", permanent, or for a fixed time period and may involve two or more parents or an entire industry.

The laws apply to a venture only if it has a substantial and foreseeable effect on commerce inside the US or on US exports or imports. This is considered to be the case, for example, if a US plant of a parent closes, or if raw materials are no longer imported into the US because production is shifted to the offspring's foreign plant.

Similarly, if a venture involves exporting from the US, most of the antitrust laws apply if there is a "direct, substantial, and reasonably foreseeable" effect on US domestic commerce, US imports or on the US exports of a non-participant in the venture. For example, if two US exporters join with a German firm to manufacture products in Germany and as a result the US exports of a competing product manufactured by a third US firm decline, US antitrust laws would apply.

In recent cases, US courts and antitrust enforcers have developed a four-step analysis of joint ventures. The new international guidelines make it clear that, because joint ventures typically increase efficiency by integration, the Department of Justice "judges the likely competitive effects of joint ventures under a rule of reason." Under the Antitrust Division's rule-of-reason analysis, the first question is whether the joint venture would be likely to have anti-competitive effects in the market in which it is designed to operate, or in any other market in which the joint venture members are actual or potential competitors. Another question considered at this stage is whether there are likely anti-competitive effects associated with any non-price vertical restraints imposed in connection with the joint venture.

The guidelines state that the Department of Justice will not challenge a joint venture if the answers to these three questions suggest that the joint venture is not likely to have any significant anti-competitive effects. If, however, this analysis reveals significant anti-competitive risks, then the department will consider any pro-competitive efficiencies that would be achieved by the joint venture and whether they would outweigh the risk of anti-competitive harm.

The basic question here is whether the venture partners are actual or potential competitors in the market in which the joint venture would operate. If they are, the department will consider their size, market share, their contribution to the venture, and the likelihood that, in the absence of the venture, one or both parents would undertake a similar project either alone or with a similar firm.

The guidelines recognise that many joint ventures face stiff competition from foreign firms and often generate efficiencies that outweigh any threat to US consumers: "Joint ventures may be created for a variety of good business reasons. For example, joint ventures may be created to take advantage of complementary skills or economies of scale in production, marketing, or R&D, or to spread risk. In foreign markets in particular, joint ventures may be politically and commercially more practical than either merger or independent operation."

Officials of the Antitrust Division explained: "The costs of developing these technologies and bringing them to the market as quickly and efficiently as possible may require joint efforts among actually or potentially competing firms, foreign and domestic."

In recent cases, courts have conducted a two-step analysis of collateral restraints linked to otherwise lawful joint ventures. First, if it does not reasonably facilitate the venture, it would be evaluated under antitrust standards governing agreements between unrelated firms. Second, if the restraint is reasonably related to a lawful business purpose, the court determines whether the restraint is not greater than necessary to protect the parties to the venture. Such collaterals may involve patents and know-how.

If denial of access to a joint venture will result in a significant competitive disadvantage to those denied access it may be deemed to be an antitrust violation, either an unreasonable conspiracy in restraint of trade or a conspiracy to monopolise the market. A system under which a single parent is able to exclude access by others - a "blackball system" - is particularly likely to be found illegal. However, a fair price may be charged for participation in the venture.

* * *

In late December 1988, the US Attorney General, Mr Thornburgh, and the Secretary of Commerce, Mr Verity, wrote companion newspaper articles proposing a new antitrust exemption for joint production ventures. Mr Thornburgh suggested that either of two approaches might be possible. The first would be to expand the certificate programme under the Export Trading Company Act of 1982 to apply to joint production ventures. The second would be to follow the example of the 1984 National Co-operative Research Act and to provide for brief notifications of such ventures to the antitrust enforcement authorities. In return they could be sued only for actual rather than treble damages and, in some cases, would be able to recover attorneys' fees if they prevailed in private litigation. No specific legislation has been drafted and the next step seems to be consultations to determine which approach may be the most acceptable to Congress.

* * *

In April 1988 Westinghouse and ABB of Zurich announced their intention to enter into two joint ventures involving the manufacture and sale of electric power stations and equipment for its distribution. Each venture would be owned 55 per cent by Westinghouse and 45 per cent by ABB. Westinghouse would contribute its ongoing business to the ventures and ABB would contribute $500m and its technology. Westinghouse and ABB are among the three leading US suppliers of medium and large steam turbine generators in the US. General Electric is the other leading US supplier. Only two other firms have made any US sales of such equipment over the last five years. Moreover, Westinghouse and ABB are two of the four significant sellers of major turbine generator repair and related services to US utilities. US sales of steam turbine generators and related services are approximately $600m annually.

One venture, which involved power transformers, raised significant antitrust concerns because the combined sales of Westinghouse and ABB would exceed 50 per cent of total US sales of such equipment. The second venture related to the manufacture and sale of steam turbine generators and the sale of major repair services on existing turbine generating equipment. The department feared that the joint ventures might cause a rise in electricity rates, but was willing to discuss a restructuring of the ventures that might involve excluding certain assets from the ventures or the sale of some assets to a third party. In the event of such an acceptable restructuring, the department intends to file a civil lawsuit with an accompanying consent decree incorporating the restructuring.

The challenge to the Westinghouse/ABB ventures may be viewed as turning on the relatively rare situation in which the foreign partner holds a dominant position in the US market; also, the ventures are joining very large partners. The Justice Department's willingness to consider restructured arrangements for Westinghouse/ABB suggest that the Bush Administration is determined to make it easier to create transnational joint ventures, especially when they assist the US competitive position. The guidelines should not deter serious consideration of transnational ventures.

This is a digest of a longer contribution submitted by the author who is a partner in the Washington law firm of Morgan, Lewis & Bockius

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	45.23	45.64	48.55	+0.26	5.64
Gilts & Fixed Int	6	114.1	114.1xd	121.1	+0.3	8.26
High Inc Equity	6	122.2	124.4xd	133.0	+2.3	4.47
Worldwide Bond	6	189.1	189.1	200.5	-0.7	4.84
Capital Growth						
American Growth	6	150.6	152.4xd	162.1	+2.5	1.34
Asian Pacific	6	73.29	74.35xd	79.51	+0.70	1.36
Assets & Earnings	6	143.2	147.3	156.7	+1.4	2.55
Capital Reserve Acc	0	82.64	82.64	82.80	+0.14	4.83
Comdty & Energy	6	95.71	95.71	102.4	-1.3	0.00
1992 Enterprise	6	49.85	50.90	54.14	+0.53	3.52
European Capital	6	76.28	76.76	81.65	+0.02	0.92
General	6	161.5	164.5	174.9	+2.5	2.97
Japan	6	101.7	103.5	110.0	-0.1	0.00
Mastertrust	6	75.71	75.71	80.98	+0.56	1.83
UK Growth Acc	6	178.4	186.2	198.0	+1.4	1.34
UK Growth Dist	6	119.7	125.0	132.9	+1.0	2.00
US Emerging Cos	6	45.64	47.16	50.16	+0.13	0.00
Income & Growth	6	269.7	275.5	293.0	+4.3	3.24
Ethical	6	44.35	45.44	48.34	+0.36	2.59

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	41.42	41.62xd	44.07	+0.42	1.96
Australian	5¼	23.74	23.74	25.26	+0.19	1.24
European	5¼	51.30	51.30	54.58	+0.66	0.00
Extra Income	5	40.27	40.27xd	42.74	+0.71	4.07
Fixed Int Tst	5	108.0	108.0	114.7	+0.6	2.43
Do Accum	5	164.5	164.5	174.8	+0.8	2.43
Gilt & Fixed Int	5¼	21.76	21.76	23.15	+0.01	10.22
Global Income	5¼	36.96	36.96	39.32	+0.43	4.83
Income & Growth	5¼	67.65	67.65xd	71.97	+1.07	4.14
Japan	5¼	176.3	176.3	187.6	-0.6	0.01
Nth Amer Inc (z)	5	25.88	25.88	27.47	+0.24	4.03
Special Situations	5¼	66.18	66.18	70.40	+0.82	1.16
UK Growth	5	33.63	33.63	35.70	+0.64	2.71
World Gwth	5	42.96	42.96	45.60	+0.28	0.50
Formerly Sentinel Funds Management Ltd						
American Majors	5¼	58.68	58.68xd	62.64	+0.90	1.82
Amer Tech & Gen	5¼	98.96	98.96	105.6	+1.80	0.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Norwich Union Life Insurance Soc.
PO Box 149, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Pensions				
With Profits Fd	110.82	116.65	+0.04	–
Managed Fd	123.38	129.88	+0.81	–
UK Equity Fd	126.52	133.18	+1.00	–
International Fd	127.37	134.08	+1.20	–
European Fd	119.36	125.64	+0.81	–
North American Fd	115.54	121.62	-1.70	–
Pacific Fd	125.27	131.87	+1.04	–
Property Fd	125.99	132.62	+0.06	–
Fixed Int Fd	103.46	108.91	+0.03	–
Intl Bond Fd	107.08	112.71	+0.70	–
Bldg Soc Dep Fd	105.35	110.90	+0.04	–
Pensionmaster* & Unit-Linked Plus*				
Fixed Interest Fund	291.5	306.8	+3.7	–
Index-Linked Sec Fund	155.7	163.9	+0.4	–
Ordinary Share Fund	495.1	521.1	+16.0	–
International Fund	136.6	143.8	+0.5	–
Property Fund	213.9	225.1	+0.3	–
Deposit Fund	188.8	198.7	+0.4	–
Mixed Fund	338.1	355.9	+6.6	–
Norwich Units January 15	820.0		—	–

*Prices as at January 24

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	180.3	189.8	–	–
Prop Acc. (Gross)	303.7	319.7	+0.1	–
Equity (Gross)	695.2	731.7	+11.1	–
Managed (Gross)	504.9	531.5	+5.9	–
Prop Acc. (Net)	140.5	147.9	–	–
Equity (Net)	162.1	170.6	+1.8	–
Managed (Net)	154.3	162.5	+1.5	–
International (net)	137.4	144.7	+0.9	–
Gilt & Fxd Interest	103.9	109.4	+0.3	–
Money Fund	103.4	108.8	–	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	485.3	510.9	+6.4	–
Ret Man (Series 2)	164.6	173.3	+2.2	–
Ret Man (Series 3)	108.6	108.6	+1.4	–
Ret Cash	129.7	136.6	+0.1	–
Ret Cash (Series 3)	106.6	106.6	+0.1	–

[illegible]

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund	949.9	997.4	[illegible]	[illegible]
Equity Fund	214.0	224.7	[illegible]	[illegible]
International Fd	140.6	147.6	[illegible]	[illegible]
Fixed Interest Fd	154.7	162.4	[illegible]	[illegible]
Property Fund	209.6	220.1	[illegible]	[illegible]
Index-Linked Fund	133.2	139.9	[illegible]	[illegible]
Deposit Fund	132.9	139.5	[illegible]	[illegible]
Pens. Mixed (Ord) Fd	221.8	232.9	[illegible]	[illegible]
Gold Pensions				
Discretionary Fund		107.7	[illegible]	[illegible]
Equity Fund		105.4	[illegible]	[illegible]
Fixed Interest Fund		107.1	[illegible]	[illegible]
International Fund		105.3	[illegible]	[illegible]
Property Fund		126.8	[illegible]	[illegible]
Index-Linked Fund		109.2	[illegible]	[illegible]
Deposit Fund		105.4	[illegible]	[illegible]
S & F Consolidation		104.3	[illegible]	[illegible]
S & F Balanced		106.8	[illegible]	[illegible]
S & F Maximum Growth		98.3	[illegible]	[illegible]

Provident Mutual Life Assc. Assn.
William Rd, Hitchin, Herts SG4 0LP [illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	304.2	320.2	[illegible]	[illegible]
Managed Init	247.8	260.8	[illegible]	[illegible]
Equity Ord	423.3	445.6	[illegible]	[illegible]
Equity Init	344.8	362.9	[illegible]	[illegible]
Index Linked Gilt Ord	192.8	199.8	[illegible]	[illegible]
Index Linked Gilt Init	113.0	118.9	[illegible]	[illegible]
Overseas Equity Ord	275.0	289.5	[illegible]	[illegible]
Overseas Equity Init	224.0	235.8	[illegible]	[illegible]
Property Ord	189.9	199.9	[illegible]	[illegible]
Property Init	154.7	162.8	[illegible]	[illegible]
Fixed Interest Ord	177.0	186.3	[illegible]	[illegible]
Fixed Interest Init	144.2	151.8	[illegible]	[illegible]
Deposit Ord	139.5	146.8	[illegible]	[illegible]
Deposit Init	113.7	119.7	[illegible]	[illegible]
Pension Funds				
Managed Ord	370.4	389.9	[illegible]	[illegible]
Managed Init	301.7	317.6	[illegible]	[illegible]
Equity Ord	535.0	563.2	[illegible]	[illegible]

[illegible]

BERMUDA AUTHORISED

[illegible]

OFFSHORE INSURANCES

[illegible]

JERSEY AUTHORISED

[illegible]

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

[illegible]

GUERNSEY AUTHORISED

[illegible]

IoM AUTHORISED

[illegible]

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	99	Treas 11½pc 1989	99	.....	-	-
101	98	Treas 9½pc Cnv 1989	99	.....	9.56	12.24
98	95	Treas 3pc 1989	98	.....	3.06	9.33
102	98	Treas 10½pc 1989	99	.....	10.58	12.36
102	98	Exch 10pc 1989	98	.....	10.11	12.37
103	98	Exch 11pc 1989	99	+	11.08	12.09
97	94	Treas 5pc 1986-89	96	.....	5.19	10.35
104	98	Exch 10¼pc Cv '89	99	.....	10.31	11.04
107	101	Treas 13pc 1990	101	+	12.80	11.28
104	99	Exch 11pc 1990	99	+	11.02	11.24
107	100	Exch 12½pc 1990	101	+	12.34	11.29
93	90	Treas 3pc 1990	92	.....	3.25	9.58
99	95	Treas 8¼pc 1987-90	96	+	8.56	11.14
102	95	Treas 8pc Cv 1990	97	+	8.19	9.75
103	97	Treas 10pc Cv 1990	98	+	10.15	10.95
91	87	Exch 2½pc 1990	89	-	2.81	9.15
107	100	Treas 11¾pc 1991	101	+	11.56	10.87
95	89	Funding 5¾pc '87-91	91	.....	6.30	10.31
90	86	Treas 3pc 1991	87	.....	3.43	9.20
105	97	Treas 10pc Cv '91	99	+	10.04	10.22
107	98	Exch 11pc 1991	100	+	10.91	10.64
98	91	Treas 8pc 1991	93	+	8.53	10.57
113	103	Treas 12¾pc 1992	106	+	12.02	10.34
104	96	Treas 10pc 1992	99	+	10.09	10.37
98	91	Treas 8pc 1992	93	+	8.55	10.39
106	98	Treas 10½pc Cv 1992	100	+	10.47	10.38
86	81	Treas 3pc 1992	83	.....	3.58	8.65
112	102	Exch 12¼pc '92	105	+	11.63	10.44
117	106	Exch 13½pc 1992	109	+	12.36	10.38
97	91	Treas 8¼pc 1993	93	+	8.80	10.16
105	96	Treas 10pc 1993	99	+	10.03	10.08
115	105	Treas 12½pc 1993	108	+	11.56	10.20
93	85	Funding 6pc 1993	86	.....	6.94	9.67
121	110	Treas 13¾pc 1993	113	+	12.16	10.23

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988/89 High	Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	45	..	3.50	17.78
45	33	Do 6pc 28 Stb. Ass	45		3	16.07
45	33	Do 4pc Mixed Ass	45	.....	2	14.44
80	65	Hung. '24 Ass	80		2.75	13.57
140	128	Hydro Quebec 15pc 2011	137	+	15.00	10.58
131	130	Iceland 14½pc Ln 2016	127	+	14.50	11.26
101	97	Ireland 9¾pc 91-96	97	.....	9.75	10.20

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

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AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

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LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights

● "Tap Stock"
* *Highs and lows marked thus have been adjusted to allow for rights issues for cash*
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
§ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
♣ Not comparable
◆ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
¥ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
≈ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ■■ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net *dividend and yield. B Preference dividend passed or deferred.* C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ..... γ	68	−1
Craig & Rose £1 .. γ	710	.....
Finlay Pkg. 5p .... γ	86	+1
Holt (Jos) 25p ..... γ	1210	−5

Arnotts	395	+5
Carrol (P.J.) ...... γ	155	−1

For Grafton Group see Industrials (Misc)

IRISH

Cap. 9½% Ln. 1991	£99½	.....
9pc Cap Ln. 1996	£101¼	+⅛
Fin. 13% 97/02	£122¼	.....
Hall (R & H.)	157	.....
Nelton Hldgs. ..... γ	67	.....
Irish Ropes	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	28
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	22
Burton Ord	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	98
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	20
NEI	12
Nat West Bk.	45
P & O Dfd.	48
Plessey	15
Polly Peck	20
Racal Elect.	25
RHM	32
Rank Org Ord.	63
Reed Intnl.	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50
Peachey	54

Oils

Brit Petroleum	23
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	180
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention slows dollar rise

THE US Federal Reserve once again signalled its intention to try and control the dollar's rise and intervened in currency markets yesterday as the US unit broke through key resistance levels.

The dollar spent most of the day *hovering around* the DM1.8410 level as sentiment remained finely balanced between the attraction of high US interest rates and the threat of central bank intervention.

However, comments by Mr Manuel Johnson, vice-chairman of the Federal Reserve Board, provided the impetus to break through DM1.8450. Mr Johnson stressed that the Fed will continue to pursue a monetary policy that restrains inflation, regardless of the economic growth rate. During the afternoon the dollar made several attempts to move above DM1.8480 - the level at which central banks last intervened - but on each occasion met with active selling as investors chose to take profits. But the dollar remained well bid, and its break above DM1.85 prompted a quick response from the Fed.

The dollar slipped back to DM1.8470 after the intervention where it held briefly before retreating to DM1.8430, unchanged from Tuesday's close. It was also unchanged against the French franc at FFr6.2700 but edged up in yen terms to Y127.75 from Y127.55. Against the Swiss franc it rose to SFr1.5665 from SFr1.5610. On Bank of England figures, the dollar's exchange rate index was 66.8 compared with 66.6 on Thursday.

Despite yesterday's intervention, the dollar remains well supported by the current level of US interest rates. Moreover, the Fed's determination to reduce inflationary pressures suggests that rates may be forced even higher. Further evidence of strong economic growth was supplied yesterday by the release of details from the the Fed's 'beige or tan book'. This provides evidence about every six weeks on the performance of the US economy, and the latest figures suggest a further rise in consumer spending in late December and early January. Against this background, the dollar will remain firm although the extent of any appreciation is likely to be governed by the scale of central bank intervention.

Sterling edged firmer in subdued trading. Its exchange rate index closed at 97.9 up from 97.8 at the opening and the close on Tuesday. The pound continues to derive support from the high level of UK interest rates and little prospect of any early reduction.

Attention is now likely to focus on the release tomorrow of UK trade figures for December. A consensus of analysts' forecasts is for a current account deficit of £1.6bn compared with a £1.5bn shortfall in November. A figure nearer £2bn could increase speculation about an even further rise in bank base rates.

The pound rose to DM3.2650 from DM3.2600 and was also higher against the dollar at $1.7710 from $1.7695. Against the yen it rose to Y226.25 from Y225.75 and finished elsewhere at FFr11.1050 from FFr11.0950 and SFr2.7750 compared with SFr2.7625.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6632	+2.84	+0.84	±1.5344
Danish Krone	7.85212	8.09101	+3.04	+1.04	±1.5404
German D-Mark	2.05853	2.08590	+1.33	-0.67	±1.0981
French Franc	6.90403	7.09859	+2.82	+0.82	±1.3674
Dutch Guilder	2.31943	2.35465	+1.52	-0.48	±1.5012
Irish Punt	0.768411	0.779184	+1.40	-0.60	±1.6684
Italian Lira	1483.58	1526.26	+2.88	+1.64	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan.25	Latest	Previous Close
£ Spot	1.7695-1.7705	1.7690-1.7700
1 month	0.59-0.58pm	0.61-0.58pm
3 months	1.58-1.55pm	1.55-1.50pm
12 months	4.29-4.21pm	4.25-4.18pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.25	Previous
8.30 am	97.8	97.8
9.00 am	97.8	97.7
10.00 am	97.9	97.7
11.00 am	97.9	97.8
Noon	97.9	97.8
1.00 pm	97.8	97.7
2.00 pm	97.8	97.7
3.00 pm	98.0	97.7
4.00 pm	97.9	97.8

POUND SPOT- FORWARD AGAINST THE POUND

Jan.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7650 - 1.7730	1.7705 - 1.7715	0.60-0.57cpm	3.96	1.57-1.53pm	3.50
Canada	2.0895 - 2.1015	2.0965 - 2.0975	0.45-0.32cpm	2.20	0.97-0.79pm	1.68
Netherlands	3.67½ - 3.69½	3.68 - 3.69	2¼-2⅛cpm	7.12	6¼-6pm	6.58
Belgium	68.05 - 68.55	68.30 - 68.40	36-30cpm	5.79	92-84pm	5.15
Denmark	12.62¾ - 12.70¼	12.66¼ - 12.67¼	5⅝-5orepm	5.03	15-14¼pm	4.60
Ireland	1.2150 - 1.2210	1.2185 - 1.2195	0.58-0.53ppm	5.46	1.55-1.40pm	4.84
W. Germany	3.25½ - 3.26¾	3.26¼ - 3.26¾	2¼-2pfpm	7.58	5¾-5⅝pm	6.97
Portugal	265.50 - 268.10	266.30 - 267.30	49-11cpm	1.35	105-14pm	0.89
Spain	202.20 - 203.80	202.60 - 202.90	36-25cpm	1.81	47-31pm	0.77
Italy	2382¼ - 2390	2386½ - 2387½	2-1lirepm	0.75	6-4pm	0.84
Norway	11.79 - 11.86¼	11.84 - 11.85	2-1⅝orepm	1.84	4⅞-4⅜pm	1.56
France	11.07¾ - 11.12¼	11.10 - 11.11	4⅜-4⅛cpm	4.59	11⅞-11⅛pm	4.21
Sweden	11.09½ - 11.14½	11.13½ - 11.14½	2⅝-2⅛orepm	2.42	6⅞-6⅛pm	2.36
Japan	225¼ - 226¼	225¼ - 226¼	1⅝-1½ypm	8.95	4⅝-4½pm	8.07
Austria	22.86 - 23.03	22.90 - 22.93	13-12gropm	6.55	37-33pm	6.11
Switzerland	2.76¾ - 2.78	2.77 - 2.78	1⅞-1¾cpm	7.84	5-4⅞pm	7.12

Belgian rate is convertible francs. Financial franc 68.65-68.75. Six-month forward dollar 2.73-2.70cpm 12 months 4.25-4.15cpm

CURRENCY RATES

Jan.25	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.745843	0.639689
U.S Dollar	6.50	1.32760	1.13161
Canadian $	11.54	1.57546	1.33756
Austrian Sch.	4	17.0384	14.6668
Belgian Franc	7.75	50.7541	43.6632
Danish Krone	7½	9.39277	8.09101
Deutsche Mark	4	2.42314	2.08590
Neth.Guilder	5.00	2.73618	2.35465
French Franc	9½	8.25308	7.09859
Italian Lira	12½	1777.42	1526.26
Japanese Yen	2½	168.472	144.450
Norway Krone	8	8.80332	7.55406
Spanish Peseta	-	151.066	129.535
Swedish Krona	8½	8.26697	7.10368
Swiss Franc	4	2.05247	1.77267
Greek Drach.	20½	201.185	173.272
Irish Punt	-	N/A	0.779184

*All SDR rates are for Jan.24

CURRENCY MOVEMENTS

Jan.25	Bank of England Index	Morgan** Guaranty Changes %
Sterling	97.9	-14.2
U.S Dollar	66.8	-11.8
Canadian Dollar	102.6	-0.6
Austrian Schilling	106.3	+9.5
Belgian Franc	105.6	-6.3
Danish Krone	103.1	-1.8
Deutsche Mark	112.4	+20.1
Swiss Franc	108.2	+18.0
Guilder	109.7	+12.7
French Franc	98.6	-15.9
Lira	97.5	-20.1
Yen	150.6	+83.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jan.24.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7650 - 1.7730	1.7705 - 1.7715	0.60-0.57cpm	3.96	1.57-1.53pm	3.50
Ireland†	1.4480 - 1.4565	1.4480 - 1.4490	0.25-0.30cdis	-2.27	0.62-0.72dis	-1.84
Canada	1.1815 - 1.1850	1.1840 - 1.1850	0.15-0.20cdis	-1.78	0.51-0.58dis	-1.84
Netherlands	2.0740 - 2.0875	2.0795 - 2.0805	0.57-0.54cpm	3.20	1.61-1.57pm	3.06
Belgium	38.45 - 38.70	38.55 - 38.65	7.00-5.00cpm	1.87	17.50-14.50pm	1.66
Denmark	7.12¼ - 7.16¼	7.15 - 7.15½	0.85-0.70orepm	1.30	2.40-2.10pm	1.26
W. Germany	1.8365 - 1.8505	1.8425 - 1.8435	0.58-0.55pfpm	3.68	1.60-1.56pm	3.43
Portugal	150½ - 151½	151 - 151½	15-35cdis	-1.99	70-120dis	-2.52
Spain	114.25 - 114.90	114.40 - 114.50	20-25cdis	-2.36	76-83dis	-2.78
Italy	1344¾ - 1361½	1347¾ - 1348¼	2.80-3.50liredis	-2.81	8.50-9.50dis	-2.67
Norway	6.65¼ - 6.69	6.68½ - 6.69	1.05-1.30oredis	-2.11	3.15-3.45dis	-1.98
France	6.25 - 6.29½	6.26¾ - 6.27¾	0.35-0.28cpm	0.60	1.05-0.90pm	0.62
Sweden	6.26¼ - 6.29½	6.28¾ - 6.29¼	0.70-0.90oredis	-1.53	1.80-2.10dis	-1.24
Japan	127.25 - 128.05	127.70 - 127.80	0.54-0.52ypm	4.98	1.49-1.46pm	4.62
Austria	12.91¼ - 12.99¼	12.97¼ - 12.97¾	3.30-2.60gropm	2.73	9.90-7.90pm	2.75
Switzerland	1.5595 - 1.5745	1.5660 - 1.5670	0.53-0.50cpm	3.95	1.45-1.40pm	3.65

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.75-38.85.

EURO-CURRENCY INTEREST RATES

Jan.25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13⅛-13	13⅛-13⅛	13⅛-13⅛	13⅛-13	12⅞-12¾	12½-12⅜
US Dollar	9-8⅞	9⅛-9	9⅛-9⅛	9⅜-9¼	9⅝-9½	9⅞-9¾
Can. Dollar	10⅞-10⅝	10⅛-10⅛	10¾-10½	11⅛-10⅞	11⅜-11⅛	11½-11¼
D. Guilder	5⅜-5⅛	6⅛-5⅞	6⅛-6	6⅛-6⅛	6⅝-6⅛	6⅝-6⅜
Sw. Franc	4⅝-4⅜	6-4⅞	5⅜-5⅛	5⅝-5⅛	5⅝-5½	5⅝-5½
Deutschmark	4⅞-4⅝	5⅝-5⅛	5⅝-5⅛	5⅝-5⅛	6-5⅞	6⅛-6
Fr. Franc	8⅛-8⅛	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞
Italian Lire	11-9	13-12	12⅛-11⅞	12⅛-11⅞	12⅛-11⅞	12⅛-12
B. Fr. (Fin)	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅞-7⅞	7⅞-7⅛
B. Fr. (Con.)	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅞-7⅛	8-7⅞
Yen	4⅛-3⅞	4⅛-4⅛	4⅛-4⅛	4⅝-4⅛	4⅝-4⅛	4⅛-4⅝
D. Krone	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛
Asian $Sing	9⅛-8⅞	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅝-9⅛	9⅝-9⅛

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jan.25	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	68.30 - 68.40	38.55 - 38.65
Malaysia	4.7860 - 4.7975	2.7110 - 2.7140
Mexico	4057.65 - 4070.65	2297.00 - 2303.00
N. Zealand	2.9025 - 2.9075	1.6420 - 1.6445
Saudi Ar.	6.6280 - 6.6335	3.7500 - 3.7510
Singapore	3.4200 - 3.4265	1.9365 - 1.9395
S. Af (Cm)	4.2190 - 4.2325	2.3900 - 2.3930
S. Af (Fn)	6.7960 - 6.9295	3.8460 - 3.9215
Taiwan	48.75 - 49.00	27.60 - 27.70
U.A.E.	6.4890 - 6.4950	3.6725 - 3.6735

*Selling rate

EXCHANGE CROSS RATES

Jan.25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]										
F Fr.	0.900	1.594	2.939	203.7	10.	2.4[illegible]				
S Fr.	0.360	0.638	1.177	81.55	4.004	1				
H Fl.	0.271	0.481	0.886	61.41	3.015	[illegible]				
Lira	0.419	0.742	1.368	94.81	4.654	[illegible]				
C $	0.477	0.845	1.557	107.9	5.298	[illegible]				
B Fr.	1.463	2.591	4.777	331.1	16.25	[illegible]				

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

German rates up

SHORT-TERM interest rates rose sharply in Frankfurt yesterday following a much smaller than expected allocation of funds at the Bundesbank's latest sale and repurchase tender. The Bank injected DM8.4bn into the market which contrasted sharply with a maturing facility draining DM16.5bn.

The 28-day agreement, as announced on Tuesday, has no minimum fixed bid, and successful applicants received their allocations at between 5.3 p.c. and 5.8 p.c. Dealers had expected a net reduction in *liquidity levels following a* lower than expected monthly minimum reserve requirement set by the Bundesbank, but yesterday's sale and repurchase allocation still came as a surprise.

UK clearing bank base lending rate 13 per cent from November 25

However, there is little suggestion at the moment that the authorities may be edging rates higher since a bulk of the allocations were made near the base of the range. A change in the discount or Lombard rate so soon after the last increase has been ruled out by the market.

UK interest rates traded within a very narrow range. Longer term rates continue to suggest that base rates will be reduced later this year, but the market is looking for further evidence of a slowdown in consumer spending and inflation before pushing rates much lower. One-year interbank money was quoted 12¾-12⅝ p.c. from 12⅞-12¾ p.c. and the three-month rate finished at 13⅛-13 p.c. from 13⅛-13⅛ p.c.

The Bank of England forecast a shortage of around £450m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills together with repayment of late assistance draining £225m. There was also a rise in the note circulation, and banks brought forward balances £70m below target. These were partly offset by *Exchequer transactions which* added £40m.

The forecast was revised to a shortage of around £400m, and the Bank gave assistance in the morning of £133m. This comprised outright purchases of £7m of eligible bank bills in band 1, £69m in band 2, £44m in band 3 and £13m in band 4, all at unchanged rates.

A *further revision took* the forecast to a shortage of £300m and additional assistance in the afternoon came to £183m. The Bank bought £16m of eligible bank bills in band 1, £162m in band 2 and £5m in band 4, again at unchanged rates. Late help came to £25m, making a total of £341m.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES

Prices retreat after firm start

SHORT STERLING contracts broke through key resistance levels in the Liffe market yesterday but slipped back to finish at the day's low and barely changed from Tuesday. The March price opened at 87.40 and broke through resistance at 87.42 to touch a high of 87.47. However, there was insufficient impetus to test further resistance at 87.50 and prices fell away.

The rise to the day's high was generally regarded as being a little overdone. Much of the bullish sentiment is based on the prospects of a cut in base rates around the time of the UK Budget on March 14. But some traders have adopted a much more cautious approach, pointing out that a bad set of December trade figures tomorrow could very quickly reverse sentiment.

US Treasury bonds opened stronger, continuing the sharp rise seen in Chicago on Tuesday. However, values eased back towards the close on further evidence of strong US economic activity.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

Series									Stock
NEDLLOYD P	Fl. 270	143	6.80	4	15 B	-	-		Fl. 288
NAT.NED. C	Fl. 70	354	1.80	42	2.70	37	3.50		Fl. 67.90
NAT.NED. P	Fl. 70	60	3.30	3	4.50	-	-		Fl. 67.90
PHILIPS C	Fl. 35	521	2.60	190	3.20	292	3.60		Fl. 36
PHILIPS P	Fl. 35	277	1.50	30	2.10	47	2.50		Fl. 36
ROYAL DUTCH C	Fl. 130	1768	2	1011	2.90	134	4.60		Fl. 124.60
ROYAL DUTCH P	Fl. 115	411	0.80	154	2.20	-	-		Fl. 124.60
ROBECO C	Fl. 100	32	5.60	2	6	-	-		Fl. 103.50
UNILEVER C	Fl. 130	2421	5.50	264	6.70	19	9		Fl. 130
UNILEVER P	Fl. 130	599	4.10 B	48	6.40	1	7.90		Fl. 130
VAN OMMEREN C	Fl. 40	23	0.90	127	1.50	-	-		Fl. 36.50
WESSANEN C	Fl. 90	114	2	43	3.20	-	-		Fl. 85

TOTAL VOLUME IN CONTRACTS : 52,659

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm.Bk.N.East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.95		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat. Bk. of Kuwait	13		

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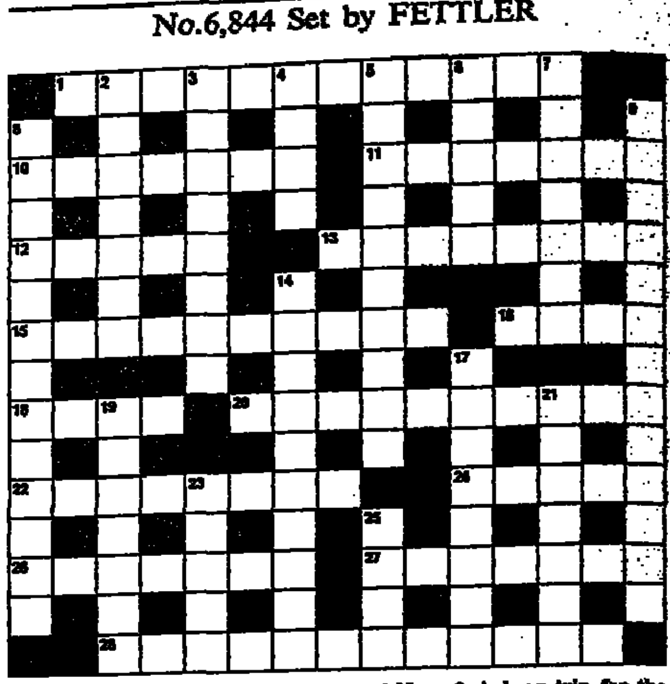
CROSSWORD

No.6,844 Set by FETTLER



ACROSS

1 Putting a condiment on game results in censure (12)

10 Produces a characteristic reaction about a chap (7)

11 Literary brothers were, at heart, comparatively forbidding (7)

12 I, being in the majority, must be wet (5)

13 Truthful state is divine (8)

15 Cad, nastily disposed; like the whole of that line (10)

16 A consumer account leaves one charging (4)

18 To mum it's vulgar twaddle (4)

20 End coolies' suffering; provide self-government (10)

22 The process inducing Lettie to change (8)

24 It would have been obvious if I'd entered this competition (5)

26 Get Ivor in a whirl, producing a state of giddiness (7)

27 The Athenians showed evidence of their spiritual beliefs (7)

28 Here's ticking off, revealing stuffing – duck feathers perhaps (8-4)

DOWN

2 A harangue may be getting on about a relationship (7)

3 One of a pair, being dry, is accepted by both (8)

4 A tick for what's said (and heard) to be right (4)

5 Naxos? A long trip for the old ancestor (5-5)

6 Being a booby, I return to fish (5)

7 Justice seems in order (7)

8 Concerned with prior intent; I vetted a prime suspect (13)

9 Petition to get me in active religious assembly (5-7)

14 From whence news is derived (10)

17 A hit for Fonda? Her break in fact (8)

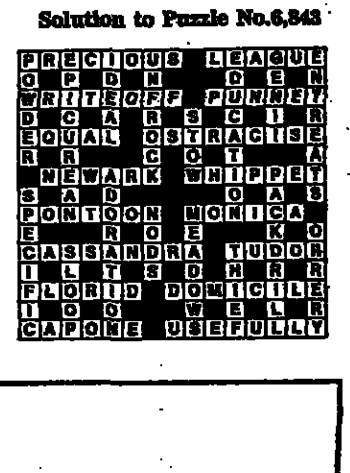
19 Cooler revolutionary started agitation (7)

21 A nice shower produces a cool diversion (3-4)

23 Having settled in the east, the English became top dogs (5)

24 Some bees hinder efforts to swarm (4)

Solution to Puzzle No.6,843



JOTTER PAD

WORLD STOCK MARKETS

AUSTRIA

January 25	Sch	+ or –
Creditanstalt	2,065	+5
Goesser	3,200	+10
Interunfall	14,650	–850
Jungbunzlauer	10,500	—
Laenderbank	370	—
Perlmooser	675	–5
Reininghaus	990	+8
Semperit	207	+4
Steyr-Daimler	78	+2
Veitscher Mag	723	+13

BELGIUM/LUXEMBOURG

January 25	Frs.	+ or –
B.B.L.	3,500	—
Bank Intl. a Lux	13,650	+50
Banque Gen. Du Lux	14,000	—
Banque Nat. Belg	37,800	—
Bekaert B	14,200	–50
Ciment CBR	6,940	+50
Cobepa	5,750	+50
Do. AFV 1	5,800	+170
Do. AFV 2	5,800	+200
Cockerill	353	+7
Colruyt	11,950	–550
Delhaize	5,100	+50
EBES	4,790	+10
Do. AFV 1	4,725	+25
Do. AFV 2	4,690	–15
Fabrique Nat	692	–8
GB Inno BM	1,448	+40
Do. AFV	1,440	+26
GBL (Brux)L	4,100	+10
Do. AFV 1	4,070	+25
Do. AFV 2	4,070	+25
Do. AFV 3	4,070	+25
Gechem	654	+2
Do. AFV	630	+10
Generale Bank	6,500	—
Do. AFV 1	6,620	+20
Do. AFV 2	6,900	+90
Gevaert	8,500	–150
Hoboken	14,350	+50
Do. AFV	14,025	+25
Intercom	3,820	+40
Do. AFV 1	3,750	+55
Do. AFV 2	3,750	+50

FRANCE (continued)

January 25	Frs.	+ or –
Arjomari-Prioux	2,602	+52
Auxiliaire d'Ent	980	+5
BIC	845	+19
BSN	705	+15
Bancaire Cie	565	+31
BNP (Cert.Inv.)	915	+5
Beghin-Say	602	+6
Do. Certs	400	—
Bongrain	3,340	+140
Bouygues	656	+11
Carnaud	608	+2
Carrefour	3,399	+74
Casino	225	+13
Cerelom	665	+9
Chargeurs	1,319	+38
Clements Fr.	1,245	+9
Club Mediterranee	558	–1
Coflimeg	381	–4
Cogifi	345	–2
CGE	418	+7
Coparex	385	–4
Cred Foncier Fr	846	–22
Credit National	1,127	+32
Damart	3,360	+72
Docks de France	3,041	+41
Dollfus-Mieg	524	+14
Dumez S.A.	915	+6
Eaux (Cie Gen)	1,774	+36
Ecco	1,805	+68
Electrofin'ce	1,001	+21
Elf-Aquitaine	445	+8
Do. Certs	372	+3
Essilor-Bertrand	1,318	+119
Essilor	3,820	–55
Eternit (Fin.)	3,030	–7
Euraf rance	1,780	+20
Eurocom	1,425	+34
Euromarche	2,879	+79
Exor	1,498	–63
Finextel	203	+0
Fonciere Lyonn	520	+21
Fromageries	1,839	+99
GTM-Entrepose	1,003	+33
Gaumont (Soc R)	675	–5
Gen Geophysique	635	—
Gen. Occidentale	942	—
Hachette	341	+11

GERMANY (continued)

January 25	Dm.	+ or –
BASF	285.5	+2.5
Badenwerk	185	–2
Bayer	301.2	+2.1
Bayer-Hypo	381	+1
BMW	514.5	+2.5
Bayer-Verein	388 xr	–4
Beiersdorf	552	—
Berliner Kraft	111.4	–0.1
BHF-Bank	421	+1
Bilfinger & Berg	335	–1
Brown Boveri	385	+21.7
Colonia Versich	598	+8
Do. Pref.	600	+10
Commerzbank	251.5	–0.5
Continental AG	273.5	+4.5
DLW	468	+8
Daimler-Benz	694	+8
Deckel (Fr.)	159.5	+0.6
Degussa	440	+5.2
Deutsche Babcock	164	+5.5
Deutsche Bank	547.5	–0.7
Didier-Werke	229.5	+1
Dragerwerk	297.9	+7.9
Dresdner Bank	311	+1.2
Fag Kugelfischer	339	+6.5
Feldmuehle Nobel	309.7	+2.2
Gerresheimer	235	+5.2
Goldschmidt (TH)	396	–4
Hamburg Elekt.	127	+2
Hapag Lloyd	335	+10.5
Harpener	464	+14
Heidelberger Zem	640	+10.5
Henkel	525.5	+1.5
Herlitz	241.5	–5.5
Hochtief	689.5	+5.5
Hoechst	296.5	–0.3
Hoesch	200.5	—
Holzmann (P)	654	+11
Horten	236	+9
Husel	461.8	+7.3
Industriekredit	242	+7
Industrie Werke	274	+4
Kali & Salz	203	+9
Karstadt	452	+21
Kaufhof	419.5	+2.5
KHD	156	–0.8
Kloeckner Werke	148.2	+1.2

INDICES

NEW YORK — DOW JONES

	Jan 24	Jan 23	Jan 20	Jan 19	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2256.43	2218.39	2235.36	2239.29	2256.43 (24/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.22	89.12	89.24	89.24	91.25 (3/3/88)	86.12 (4/1/88)	–	–
Transport	1023.83	1012.48	1014.27	1020.91	1023.83 (24/1/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	191.15	189.31	190.02	190.37	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2264.82 (2254.64) Low 2214.82 (2214.29)

STANDARD AND POOR'S	Jan 24	Jan 23	Jan 20	Jan 19	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite‡	288.49	284.50	286.63	286.90	288.49 (24/1/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	333.26	328.83	331.41	331.87	333.26 (24/1/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	25.82	25.38	25.58	25.60	26.42 (20/10/88)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	161.99	160.13	161.16	161.25	161.99 (24/1/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/8/42)
Amex Mkt. Value	318.74	318.03	319.52	318.56	319.52 (20/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	391.99	389.99	391.66	391.08	394.77 (18/7/88)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Jan 20	Jan 13	Jan 6	year ago (approx.)
Dow Industrial Div. Yield	3.59	3.60	3.66	3.64
	Jan 18	Jan 11	Jan 5	year ago (approx.)
S & P Industrial div. yield	3.13	3.15	3.17	3.17
S & P Indl. P/E ratio	13.30	13.09	12.97	15.69

TRADING ACTIVITY †Volume Millions

	Jan 24	Jan 23	Jan 20
New York	189.620	141.640	167.51
Amex	13.572	9.410	1.940
OTC	132.589	114.015	152.073

NEW YORK	Jan 24	Jan 23	Jan 20
Issues Traded	1,960	1,963	1,941
Rises	1,014	550	659
Falls	467	909	767
Unchanged	479	504	515
New Highs	63	51	73
New Lows	9	12	13

CANADA

TORONTO	Jan 24	Jan 23	Jan 20	Jan 19	1988/89 High	1988/89 Low
Metals & Minerals	3442.2	3492.3	3526.9	3509.4	3526.9 (20/1/89)	2238.7 (8/2/88)
Composite	3554.9	3558.5	3573.4	3557.3	3573.4 (20/1/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1774.69	1780.37	1791.73	1793.63	1793.63 (19/1/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Security Pacif	7,815,200	37	+ 5/8	National Semi	1,562,000	8 1/2	– 1/8
AT&T	3,743,600	30 1/8	+ 1	Amoco	1,444,500	76	+ 1/2
RJR Nabisco	2,936,000	94 5/8	– 1/8	Merck	1,405,600	61 3/8	+ 1 1/4
Texas Eastern	1,743,800	48 1/4	– 1/4	IBM	1,391,400	124 1/4	+ 1 3/8
Chase Manhattan	1,639,000	31 1/2	+ 1/4	General Electric	1,353,100	45 3/8	+ 1/4

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 25	Jan. 24	Jan. 23	Jan. 20	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1536.5	1525.3	1523.2	1517.9	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	723.1	711.8	707.2	697.3	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	236.20	235.30	233.60	230.10	236.20 (25/1/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5779.95	5742.70	5707.43	5702.00	5779.95 (25/1/89)	3688.35 (4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	288.25	286.51	285.07	287.60	289.22 (19/1/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	747.0	748.0	746.8	743.9	772.1 (8/8/88)	530.6 (15/1/88)
FRANCE						
CAC General (31/12/82)	(u)	(u)	440.1	441.3	441.3 (13/1/89)	251.3 (29/1/88)
Ind. Tendance (30/12/88)	(u)	(u)	104.0	104.8	104.8 (19/1/89)	100.0 (1/1/89)
GERMANY						
FAZ Aktien (31/12/58)	564.08	556.63	551.21	556.94	567.51 (5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1688.2	1666.4	1649.3	1668.1	1705.6 (5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1341.03	1334.18	1318.21	1323.14	1371.10 (5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2900.74	2901.03	2897.53	2897.91	2913.05 (18/1/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	606.82	604.25	604.19	612.92	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN**						
Nikkei (16/5/49)	31567.79	31567.68	31332.88	31170.3	31567.79 (25/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2462.99	2460.92	2440.35	2425.72	2462.99 (25/1/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	306.8	303.7	305.5	302.7	306.8 (25/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	268.6	266.9	268.4	266.2	268.6 (25/1/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	538.47	530.46	535.29	530.32	538.47 (25/1/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1101.39	1087.68	1096.00	1095.30	1177.87 (8/8/88)	833.60 (4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1366.0	1370.0	1347.0	1329.0	1451.0 (7/7/88)	1154.0 (4/5/83)
JSE Industrial (28/9/78)	2138.0	2117.0	2099.0	2089.0	2138.0 (25/1/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	279.53	278.05	278.16	283.07	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3570.7	3525.3	3519.1	3521.8	3570.7 (25/1/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	632.2	627.2	625.8	625.0	634.2 (16/1/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	509.6	502.2	502.3	509.6 (24/1/89)	401.0 (21/1/88)

**Saturday Jan. 21: Japan Nikkei (c) TSE (c) ♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 25 January 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
NKK	39.9m	908	+11	Fuji Heavy	19.4m	903	-11
Osaka Gas	36.9m	900	+16	Nippon Steel	14.9m	893	+5
Nippon Yusen	28.6m	938	-9	Daihen	14.2m	918	+38
Mitsubishi Heavy Ind	27.1m	1,180	-10	Toyobo	13.9m	786	+3
Kobe Steel	20.0m	743	+20	Komatsu	13.2m	1,080	+20

3pm prices January 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	17½	AAR	.44	1.7	18	272	26¾	26	26¼	+ ⅛
10⅛	8⅛	ACM n	1.01	11.		189	9¼	9⅛	9¼	+ ⅛
12⅛	10¼	ACMIn	1.26a	12.		324	10⅞	10¾	10⅞	
10⅛	8½	ACM M	n.17e	1.8		144	9⅜	9¼	9¼	– ⅛
12⅛	10⅛	ACM Sc	1.26	12.		810	10¼	10⅛	10⅜	
10⅛	8½	ACMSp	n1.01a	11.		251	9⅛	9	9⅛	+ ⅛
5⅛	2⅝	AMCA	.12e	3.4		685	3⅝	3½	3½	
6⅛	3⅞	AM Intl				5157	5⅝	5⅜	5⅝	+ ⅛
23⅛	18⅞	AM Int pf	2	8.8		81	22⅞	22⅛	22⅛	+ ⅞
55⅝	35⅛	ANR			7	2689	54⅛	53⅛	53⅝	– ⅛
27	25	ANR pf	2.67	10.		1	25⅜	25⅜	25⅜	– ⅜
8½	5⅜	ARX			10	389	5⅞	5⅝	5⅝	– ⅛
48¼	36¼	ASA	3a	7.3		549	41¼	40½	41	+ ½
20⅛	12⅛	AVX	.24	1.3	13	47	18½	18⅛	18½	+ ⅜
52⅛	42⅞	AbtLab	1.20	2.6	15	4940	48⅜	47⅞	48⅜	+ ⅛
20⅛	15⅛	AbitiBi g	1			25	16⅞	16⅝	16⅝	– ⅛
13⅞	7½	AcmeC	.40	4.2		30	9⅞	9⅝	9⅝	– ⅛
8⅞	5⅞	AcmeE	.32b	5.1	27	2	6¼	6¼	6¼	– ⅛
29½	17½	Acuson			22	689	23½	23¼	23¼	+ ½
17	14½	AdaEx	1.82e	12.		75	14⅞	14⅝	14⅝	+ ⅛
18⅞	7⅛	AMD			78	3602	8⅞	8⅝	8⅝	
43½	28¼	AMD pf	3	9.4		10	31⅞	31⅞	31⅞	+ ⅛
8½	5½	Adobe				220	7	7	7	
20½	16⅝	Adob pf	1.84	11.		153	16⅝	d16½	16½	– ⅛
21¼	20	Adob pf	2.40	12.		6	20¼	20¼	20¼	– ⅛
9⅛	5⅞	Advest	.12	1.5	16	118	8⅛	8⅛	8⅛	
52½	39½	AetnLf	2.76	5.7	8	1421	48⅛	48	48⅛	– ⅛
44½	24	AflPb s	.22	.6		2041	38⅞	38	38	– ⅛
18⅞	13⅜	Ahmans	.88	5.0	10	1032	17⅝	17½	17⅝	+ ⅛
4⅝	1⅞	Aileen			21	8	3⅝	3½	3½	– ⅛
53⅜	37⅝	AirPrd	1.20	2.7	11	1144	45⅜	45⅛	45⅛	– ⅛
23⅝	12⅛	AirbFrt	.60	2.7	22	214	22⅞	22½	22½	
18	10	Airgas			19	85	17½	17¼	17⅜	
20	17⅜	Airlease	2.40	13.	8	30	18⅜	18¼	18⅜	– ⅛
9⅛	8½	AlaP	dpf.87	9.3		104	9½	9⅛	9⅜	– ⅛
108	102	AlaP pf	11	10.		z50	105	105	105	– ⅛
22½	14	AlskAir	.20	.9	10	630	21¼	21	21⅛	– ⅛
19⅞	13	Alberto	.36	1.4	12	139	18	17½	17⅝	– ⅛

Continued on Page 39

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous Page										
16⅞	6¼	Quanex	.24	1.5	9	100	15⅞	15⅝	15¾	+ ⅛
29⅝	25½	Quanx pf				16	29¼	29⅛	29¼	+ ¼
58	32⅞	Qustm n			4	1900	53½	52⅞	52⅞	− ½
10⅞	9¼	QstVl	1	9.2		183	10⅞	10⅝	10⅞	+ ⅛
9½	6⅝	QstVC	.09			107	9½	9⅜	9½	
35⅝	28⅞	Questar	1.86	5.7	41	151	33	32⅞	32⅞	+ ⅛
14½	10½	QkRelly	.24	1.8	11	711	13⅜	12⅞	13⅛	+ ½
− R − R − R −										
12	12	RAC in n				130	12	12	12	
12⅞	4⅞	RBInd				60	11¼	11⅛	11⅛	− ⅛
95¼	44¼	RJR Nb	2.20	2.3	17	16253	95	94⅝	94⅞	+ ¼
119½	100½	RJR pf	11.50	11.		7	105½	105½	105½	− ¼
12⅝	7¼	RLC	.20b	1.7	13	47	11⅝	11½	11⅝	+ ⅛
10⅜	8½	RLC wi				15	9¼	9¼	9¼	
12½	7⅛	RLI Cp	.36	4.6	7	80	7⅞	7⅞	7⅞	− ⅛
7½	6	RPS n				189	6⅞	6⅝	6⅞	
43	29½	Racal e				3764	u45⅞	43¾	44⅞	+1⅜
1⅛	5-16	Radice				38	9-16	½	9-16	
88⅝	65½	RalsPur	1.68	2.0	13	489	84½	84¼	84¼	− ⅛
10¼	6	Ramad				649	9⅛	9	9	+ ⅛
6½	4⅝	RangrO			66	545	5⅞	5⅝	5⅞	− ⅛
54¼	30¼	Raycm	.32	1.0	19	12469	33⅛	31⅞	32⅞	+ ⅞
12½	9	RJamFn	.20	1.8	11	244	11⅛	10⅞	11¼	+ ¼
21⅞	17½	Rayonr	2.80	13.	6	50	20	19⅞	20	+ ⅛
8½	2⅞	Raytch	.05e	1.5		5	3½	3⅜	3⅜	− ⅛
73⅞	61	Raythn	2	2.9	9	1980	68⅞	67⅞	68½	+1
2½	⅓	ReadBt				750	1⅛	1	1	
5⅞	1¼	RdBat pf				3	3⅜	3⅜	3⅜	
3¾	1⅜	RdBt pfA				1	3½	3½	3½	
19	15¼	REIT	1.36	8.2	16	6	16¼	16⅝	16⅝	
16½	14	RitRef	1.72	12.	8	27	14½	14⅜	14½	− ⅛
12⅛	5½	RecnEq				1784	11½	11⅜	11⅜	− ⅛
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 25

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 3pm prices January 25

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Dow eases as company news boosts volume

Wall Street

AFTER finally managing on Tuesday to wipe out the 508-point fall seen on the day of the October 1987 stock market crash, equities hovered in a tight range yesterday, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 1.43 lower at 2,255.00 on active volume of 125m shares. This compares with the close on Friday, October 16 – the session before Black Monday – of 2,246.74.

It has taken 15 months for the Dow to retrace the historic losses on the day of the crash and gives the market a cause both to celebrate and to be cautious. Every time since October 1987 that the market has reached a post-crash peak, the index has then fallen back and retrenched for months before rising again.

While bonds and stocks moved clearly in the same direction on Tuesday, there was some divergence between the two markets yesterday when bonds slid and equities moved modestly higher in early trading.

Tuesday's sharp advances were in reaction to a strong rally by the dollar and little or no central bank intervention, as well as a positive reaction to aggressive anti-inflationary remarks by Mr Alan Greenspan, chairman of the US Federal Reserve.

Yesterday, the picture was not as clearly bullish, although equities held up well given the extent of Tuesday's advance.

Central banks were again active against the dollar and the US currency traded below its highs at midsession.

Bond prices started well in a continuation of Tuesday's Greenspan-inspired rally but dipped back sharply after the publication of the Fed's Tan Book, a compilation of economic reports from regional Federal Reserve banks. This showed that the economy had accelerated again in December and early January. Notably, consumer spending strengthened, manufacturing activity continued to rise and producers scheduled more investment in plant and equipment.

This news hit the bond market, which must be worried that 2 full points of monetary tightening over the past year have apparently failed to succeed in slowing down economic growth. However, equities, were initially strong after details of the Tan Book were published.

The relatively heavy volume suggests some difference of opinion about whether the market can immediately build on recent gains and extend Tuesday's substantial rally. Some traders saw the Dow's rise to current levels as an opportunity for profit-taking while others decided to get into the market at this level, betting that it will maintain momentum.

Corporate earnings announcements continued to fuel trading activity in reporting companies. Philip Morris, which announced lower fourth quarter earnings due to a special charge, dropped $1⅛ to $102¾. Unisys reported earnings at the low end of analysts' forecasts and fell $1 to $28⅛.

SmithKline Beckman, the president of which resigned yesterday, reported disappointing earnings. Its net income of $1.28 cents a share in the fourth quarter compared with $1.14 a year earlier but the latest quarter's results include a gain of 37 cents a share. Nevertheless, the stock rose $1⅞ to $51⅞ as arbitrageurs speculated once again that the company may be a takeover candidate.

Encouraging results were announced by Walt Disney, which rose $⅞ to $72⅜, American Express, up $⅛ at $29⅝, and Baxter International, $⅛ higher at $19⅝.

A big loser was Cray Research which slumped $4 to $60⅛ after saying first quarter revenues and earnings would be significantly lower than a year ago.

Canada

SLOW, directionless trading left Toronto shares narrowly mixed at midday. The composite index rose 8.0 to 3,582.9 on moderate volume of 16.3m shares.

Northern Telecom was the most active industrial issue, dropping C$⅛ to C$18⅞ after predicting lower first half results.

ASIA PACIFIC

Fears of overheating keep Nikkei advance in check

Tokyo

CONCERN about overheating crept into the market, restraining investors from going on an outright buying spree, and share prices moved indecisively throughout the day to close only marginally higher, *writes Michiyo Nakamoto in Tokyo.*

Buying interest remained strong, with share prices climbing steadily in early trading. Investors became increasingly concerned about the possibility of overheating in the market, however, and the Nikkei average turned down later.

Once again, arbitraging between the cash and futures markets was behind the rise in the Nikkei index towards the close. It finished up 10.11 at a record 31,567.79, having reached a high for the day of 31,663.91 and a low of 31,487.41.

Broad-based buying was responsible for a greater number of shares rising than falling, at 512 to 393, while 186 issues were unchanged. Turnover at 1.17bn shares was lower than Tuesday's 1.36bn.

The Topix index of all listed shares gained 2.07 to finish at 2,462.99 and, in later trading in London, the ISE/Nikkei 50 index rose 5.15 to 1,984.56.

Investors remained cautious on rumours that there could be restrictions on margin transactions if the market showed *signs of overheating.*

Most analysts agreed with Mr Shin Tokoi at County NatWest, who said that the volume levels and the fact that turnover was not substantially concentrated in the most active issues did not point to overheating yet. The proportion of turnover in the top 10 stocks has hovered around 20 per cent recently.

Nevertheless, investors chose to play it safe and profit-taking quickly followed any significant rise. For example, Nippon Yusen, the shipping company, which rose Y27 on Wednesday, rose Y12 at one stage to a record high of Y959 but finished with a Y9 loss at Y938. Nippon Yusen was third most actively traded at 28.6m shares.

Large capital steels attracted interest, with NKK topping the most actives list at 39.9m shares. NKK rose Y11 to Y968 and Kobe Steel, also among the top 10 in volume terms, added Y22 to Y743.

Utilities were favoured as leading issues among laggards. Osaka Gas, second most actively traded at 36.9m shares, advanced Y15 to Y900. Kansai Electric Power increased Y100 to Y5,600.

A large amount of individual *buying* has focused on incentive-backed, speculative issues and has moved quickly from share to share. Yesterday, Daihen, a leading maker of transformers and welding machines, was actively sought on expectations of better earnings this fiscal year, ending March. Daihen added Y38 to Y918.

Komatsu, another heavy machinery manufacturer, also featured, advancing Y20 to Y1,060. Machinery makers attracted attention mainly as lagging issues.

Share prices fluctuated in Osaka where the OSE average gained 87.03 to 29,649.91, mainly on the strength of large capital steels and utilities. Volume reached 122.7m shares after 151.3m on Tuesday.

Roundup

THERE were strong performances from Australian and Singapore stocks yesterday, but Hong Kong ended uncertainly after the long-awaited government land auction.

AUSTRALIA was encouraged by the post-crash highs in London and New York the previous day and shares moved ahead strongly, with the resources sector boosted by corporate activity.

The All Ordinaries index ended 11.2 higher at 1,536.5 in heavy turnover of 121m shares worth A$270m.

Prices shot up in the first 15 minutes of trading, then came off under pressure from the expiry of selected options before rising again to end on a high note on both local and overseas buying.

Golds shone in spite of a slight weakening in the bullion price, with Renison up 12 cents at A$7.22 amid talk of a break-up should Minorco win control of Consolidated Goldfields.

Whim Creek was up 5 cents at A$2.25 for a two-day rise of 20 cents. Dominion, which has launched a A$210m all-share offer for Whim Creek, was off 5 cents at A$1.45. Emperor was another strong performer, up 15 cents at A$4.85.

In *industrials*, Rothmans climbed 30 cents to A$9.80 amid speculation that Industrial Equity may lift its stake in the group.

News Corp gained 15 cents to A$10.75 and Coles Myer 14 cents to A$9.10. ICI rose 8 cents to A$6.80 on a 15 per cent increase in first quarter sales.

HONG KONG made a very strong start, but gains were lost after the Government's auction of a site in Wanchai. The Hang Seng index ended 0.29 easier at 2,900.74 in active volume of HK$1.3bn after climbing 30 points in the morning.

The site was sold for HK$3.35bn, which came within market estimates and was greeted as something of an anti-climax.

Hongkong Land was the most active stock amid talk of a sale of its property. It lost 10 cents to HK$10.10 on HK$136m worth of *shares, accounting for* about 10 per cent of total turnover.

Sun Hung Kai Properties, *which forms half of a joint venture* with Sino Land which bought the Wanchai site, rose 10 cents to HK$13.70. Sino Land was steady at 60 cents.

SINGAPORE made healthy gains from the opening in line with the strong performances in the UK and Wall Street. The Straits Times industrial index gained 13.71 to 1,101.39 in active trading of 56.8m shares, well up on Tuesday's 37m.

News of an improvement in *the condition of Mr Mahathir* Mohamad, the Malaysian Prime Minister, also acted as a spur.

DBS Land led activity with a 2-cent rise to S$1.41 on 2.8m shares, while an increase in tin prices helped Malaysia Mining up 9 cents to S$2.25.

SOUTH AFRICA

MOST issues firmed in Johannesburg but gold shares were mixed after Tuesday's gains. Heavyweight golds overcame a lower bullion price while smaller issues eased.

EUROPE

US buoyancy spills over into active bourses

THE STRONG climb on Wall Street on Tuesday proved the spur for active buying in Europe yesterday, helped by corporate and takeover plays, *writes Our Markets Staff.*

FRANKFURT pursued its upward course for a second day, buoyed by strong foreign interest, notably from the US. The FAZ index put on 7.45 to 564.08 in strong turnover of DM5.19bn, while the DAX index ended up 6.85 at 1,341.03, off its early high of 1,347.93.

Blue chips took the brunt of late profit-taking, while stocks selected for their asset play made sharp rises.

Siemens climbed to DM542 but closed only DM3.20 better at DM536. It is due to make a statement on first quarter performance today and there is *speculation it may announce* a 20 per cent rise in orders.

Retailers and constructions remained strong, with Karstadt up DM21, or 4.8 per cent, at DM452, Holzmann gaining DM11 to DM654 and Hochtief up DM5.50 at DM689.50, helped by enthusiasm over their property *holdings. Land prices in* central locations in West Germany doubled last year, and investors are looking for non-cyclical domestic stocks that are likely to benefit from rising consumer expenditure as tax cuts come into effect next year, said one salesman.

IVG, property management company, fell DM16 to DM341. *It had risen 21 per cent earlier* this week on reports about a Deutsche Bank research unit study estimating its property value at DM3.8bn, but IVG said yesterday the figure was far too high since much of its property was not in prime locations.

Porsche climbed DM26 to DM651 following its announcement on Tuesday of sharply lower profits, a bullish forecast for this year and an unchanged dividend.

PARIS put in another strong session, with the spotlight on some of the lesser-known names on the bourse. Shares ended 2 per cent higher, with the real-time CAC 40 index up 34.87 at 1,679.72 and the OMF 50 index 9.17 higher at 467.72.

"We've seen a lot of interest and big movements in so-called penny stocks and second liners, largely due to takeover speculation and recovery stories," said one salesman. Demand was largely domestic and of a short-term nature.

Names like Poliet, Primagaz and Locafrance featured in the list of largest gains. The day's biggest mover, trading company SCOA, added FFr10.20 to FFr68, amid speculation that Bolloré was adding to its stake.

Perrier and Exor fell back on profit-taking after early sharp rises on speculation of a takeover of the former by the latter. Perrier lost FFr36 to FFr1,789, having been at FFr1,890, and Exor gave up FFr63 to FFr1,498, having been at FFr1,594.

Bullishness appears to abound, in spite of the lingering feeling that a consolidation is due. Citicorp Scrimgeour Vickers predicts a firm new account, although insider trading scandals could knock sentiment short-term. "Institutional liquidity remains high and is further boosted by takeover activity. Funds released will be enthusiastically reinvested."

ZURICH enjoyed a boost to turnover and prices, with the Crédit Suisse index up 4 at 542.

Temporary employment agency Adia and Omni Holding, which owns Inspectorate International, were strong, their bearers adding SFr250 to SFr9,250 and SFr50 to SFr1,240 respectively. Inspectorate gained SFr15 to SFr2,195. After the close, Adia and Inspectorate said they would take a *minority stake* in each other.

AMSTERDAM had an unexciting session, with the CBS Tendency index up *0.60 at* 163.50 but off highs.

DSM reached Fl 114 again in grey market trading after its offer price was set at Fl 108 on Tuesday. Fellow chemical Akzo rose Fl 1.10 to Fl 153.30, benefiting from a spill-over of interest.

Fokker ended 10 cents better at Fl 29.30. Brokers BZW pointed out that the possible cancellation of a Fl 700m order from Canada's Wardair could actually benefit Fokker, with the freeing of early delivery slots helping in negotiations with other customers and aircraft prices having risen in the last six months.

MILAN picked up on Wall Street's overnight rise and indications that the Government will not be over-hasty with the introduction of a capital gains tax. The Comit index rose 2.62 to 606.82 in volume similar to Tuesday's L160bn.

Fiat gained L50 to L9,950 – its results on Tuesday came in at the top end of expectations but much of the good news was already in the price. Savings shares performed well, with *Fiat savings* up L70 at L6,250.

STOCKHOLM continued its climb, reaching another all-time peak in active trade. The Affärsvärlden index rose 10.8 to 1,057.4 in turnover up sharply at SKr622m, compared with Tuesday's SKr286m.

Volvo, the star of the previous session, added SKr1 to SKr426. *The company said that* its aerospace unit had signed an agreement to supply rocket engine components worth between SKr350m and SKr400m to Arianespace, the European space consortium.

OSLO saw its oil shares recover from Tuesday's falls as prices for Norway's North Sea oil improved. The all-share index gained 4.94 to 398.14 and Saga Petroleum, which fell NKr3 on Tuesday, added NKr5.50 to NKr122.

MADRID saw renewed foreign demand, and the general index added 1.48 to 279.53, after two consecutive drops following the bad inflation figures for December.

BRUSSELS has an active session, with the cash index rising 37.2 to 5,779.9 and the three newly computerised stocks, GB-Inno, Solvay and Tractebel, seeing high turnover.

Dublin skates over Waterford blip

Kieran Cooke explains why shares have risen 5 per cent this year

THE DUBLIN stock market, one of the top performers in the world last year, is continuing its buoyant run in spite of the latest downward blip caused by news of accounting errors at Waterford Glass.

Since the start of the year, the market has risen by about 5 per cent, with industrials up 5½ per cent and financial stocks 4 per cent higher. Yesterday it resumed its new year rise, recouping most of its loss of 1.3 per cent on Tuesday when the Waterford Glass news emerged.

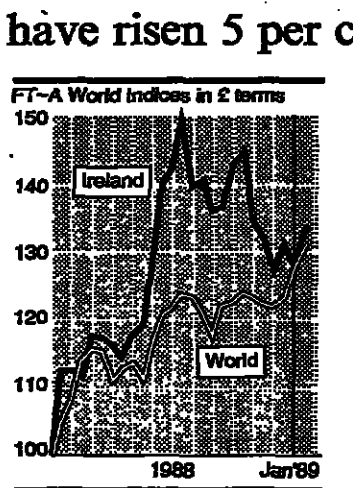
The latest rally follows an exceptionally good 1988, when share prices jumped by 41 per cent in local currency terms, according to the FT-Actuaries World Indices – although much of that increase occurred during the first half of the year.

Equities have been rejoicing for several reasons. There is an improvement in the state of the Irish Government's finances and a general air of confidence over prospects for the Irish economy. Exchange controls have been relaxed and earnings from a number of leading Irish companies continue to be strong. Meanwhile, takeover speculation continues, involving mainly Waterford Glass.

A total of I£470m ($323m) in new capital was raised on the the Dublin market in 1988, with 13 new companies entering the market. The Big Six still dominate, with Jefferson Smurfit, Waterford Glass, Cement Roadstone Holdings (CRH), Irish Distillers, Allied Irish Banks and Bank of Ireland together accounting for well over 50 per cent of turnover.

News of accounting errors in Waterford's crystal operations wiped I£45m from the company's market capitalisation on Tuesday, but the stock regained ground yesterday, rising 7 Irish pence to 88 Irish pence, on the feeling that investors had over-reacted. Speculation about a takeover of the group continues to circulate, although tempered by some wariness now.

FT-A World indices in £ terms



Several stocks have put in exceptionally strong performances so far this year. CLF Yeoman, the commercial leasing company which started trading last Thursday, has risen to I£4.75 from its I£4.25 listing price.

CRH has also outperformed the market, rising by 17 per cent so far. The company's Spanish operations are said to be performing well and, after a long period of dull cement sales, output is now at full capacity.

At Smurfit, there continues to be speculation about its designs on its 50 per cent-owned Container Corporation of America. Ongoing newspaper strikes at Smurfit operations in the US could harm the company's prospects. Nevertheless, most analysts say they are cautiously optimistic about further growth for a group that claims to be the world's largest paper and packaging concern.

However, Dublin, which has a *reputation for being a highly* volatile market, is extremely vulnerable to outside influences. Irish exports, which reached record levels last year, would be severely hurt by a downturn in the British economy.

With many Irish companies heavily committed overseas, in particular the Smurfit operations, bullish forecasts could come to nothing if there are recessionary signals in the UK and US.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 24 1989					MONDAY JANUARY 23 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	152.34	+0.6	127.64	115.11	4.66	151.44	126.60	114.98	152.34	91.16	100.24
Austria (18)	96.99	+0.6	81.26	92.30	2.67	96.42	80.60	92.11	100.00	83.72	88.89
Belgium (63)	135.56	+1.2	113.58	128.87	3.90	133.96	111.98	127.85	139.89	99.14	105.70
Canada (126)	132.27	–0.2	110.82	113.69	3.21	132.47	110.74	114.01	133.42	107.06	108.98
Denmark (39)	157.67	–0.1	132.11	153.01	1.98	157.81	131.93	153.09	161.60	111.42	112.61
Finland (26)	134.49	+0.8	112.68	119.62	1.46	133.46	111.56	119.45	139.83	106.78	109.89
France (131)	117.26	+1.0	98.25	115.33	2.81	116.07	97.03	113.93	117.51	72.77	75.21
West Germany (102)	85.79	+0.8	71.88	82.20	2.30	85.08	71.13	81.30	90.40	67.78	69.95
Hong Kong (46)	120.37	+0.3	100.85	120.55	4.09	120.03	100.34	120.17	120.91	84.90	92.03
Ireland (18)	131.96	–1.3	110.56	127.53	3.95	133.69	111.76	129.25	144.25	104.60	112.58
Italy (98)	84.31	+0.0	70.64	84.88	2.37	84.35	70.51	84.85	86.88	62.99	70.17
Japan (456)	195.82	+1.1	164.07	157.89	0.48	193.75	161.97	156.52	197.43	133.61	148.07
Malaysia (36)	149.27	–0.7	125.06	155.53	2.74	150.25	125.60	157.19	154.17	107.83	119.19
Mexico (13)	161.24	–1.3	135.10	405.48	1.26	163.43	136.62	408.74	182.24	90.07	134.98
Netherland (38)	114.14	–0.6	95.63	108.36	4.56	114.88	96.03	108.80	114.88	95.23	96.27
New Zealand (24)	70.27	+0.5	58.88	60.87	6.47	69.92	58.45	59.63	84.05	63.32	73.75
Norway (26)	158.13	–0.8	132.49	143.05	1.90	159.37	133.23	144.56	159.67	98.55	103.51
Singapore (26)	133.40	–0.1	111.77	119.02	2.24	133.48	111.58	119.42	135.89	97.99	105.37
South Africa (60)	127.48	+2.5	106.81	107.18	4.31	124.32	103.93	105.54	139.07	98.26	125.07
Spain (42)	148.20	–0.2	124.17	128.56	3.25	148.53	124.17	128.56	164.47	130.73	137.29
Sweden (35)	147.38	+0.4	123.49	136.69	2.09	146.83	122.74	136.28	147.38	96.92	105.42
Switzerland (57)	77.39	–0.3	64.84	74.90	2.27	77.64	64.91	74.97	86.75	74.13	77.31
United Kingdom (314)	143.09	+0.6	119.89	119.89	4.52	142.22	118.89	118.89	143.09	120.66	129.56
USA (570)	117.26	+1.3	98.25	117.26	3.61	115.76	96.77	115.76	117.26	99.19	101.96
Europe (1007)	117.34	+0.5	98.32	105.84	3.57	116.78	97.62	105.14	117.34	97.01	99.66
Nordic (126)	143.26	+0.2	120.03	129.88	1.97	143.04	119.58	129.84	–	–	–
Pacific Basin (678)	190.91	+1.0	159.96	154.47	0.69	188.96	157.96	153.19	192.26	130.81	144.03
Euro–Pacific (1685)	161.46	+0.9	135.28	135.19	1.54	160.06	133.81	134.13	161.61	120.36	126.30
North America (696)	118.07	+1.2	98.92	117.07	3.59	116.67	97.53	115.69	118.07	99.78	102.33
Europe Ex. UK (693)	101.26	+0.4	84.84	97.27	2.81	100.88	84.33	96.76	102.91	80.27	81.14
Pacific Ex. Japan (222)	132.11	+0.4	110.69	111.31	4.39	131.55	109.97	111.06	132.11	87.51	95.39
World Ex. US (1884)	160.10	+0.9	134.14	134.32	1.61	158.75	132.71	133.31	160.10	120.26	125.70
World Ex. UK (2140)	143.70	+1.0	120.40	129.47	1.98	142.25	118.92	128.28	143.70	111.77	115.23
World Ex. So. Af. (2394)	143.73	+1.0	120.43	128.69	2.20	142.35	119.00	127.53	143.73	113.26	116.45
World Ex. Japan (1998)	118.52	+0.9	99.30	113.06	3.62	117.45	98.18	111.99	118.52	100.00	101.38
The World Index (2454)	*143.63*	*+1.0*	*120.34*	*128.55*	*2.21*	*142.24*	*118.90*	*127.38*	*143.63*	*113.37*	*116.50*

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

Latest prices were unavailable for this edition.